FINANCIAL TIMES

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NEWS SUMMARY

GENERAL

Fishing crisis averted by EEC

EEC fisheries Ministers have *averted a crisis in relationships* with outside countries by conceding to one UK demand and thus allowing an extension of the informal agreement with Norway, Sweden and the Faroes.

The UK said that the EEC's share of fish in Norwegian waters north of the 62nd parallel should be allocated to interested member states on a quota basis.

Unless this demand had been met, the UK said it would not agree to a one-month extension of the informal agreement, due to expire at midnight tonight. **Back and Page 18**

Dutch in World Cup Final

Holland won through to the World Cup Final when they beat Italy 2-1 in Buenos Aires. Holland's Ernie Brandts scored an own goal to put Italy ahead and then got the equaliser, Arie Han scoring the winner. Also in Group A, Austria beat West Germany 3-2.

In Group B, Brazil beat Poland 3-1.

Callaghan aide

Mr. Roger Carroll, political editor of The Sun newspaper—which has been strongly pro-Tory of late—has been chosen to be one of Mr. Callaghan's special advisers during the next general election campaign. **Page 8**

NATO alert

A low-level alert at key NATO installations extending from Denmark to southern Germany was disclosed by NATO, following a tip-off that urban guerillas were planning an operation. Troops in neutral Austria have also been on alert since the weekend.

Jews exiled

Two Jewish activists Mr. Vladimir *Slepak* and Mrs. Ida Nudel, were convicted of "malicious hooliganism" in Moscow and sentenced to internal exile of five and four *years respectively. They* had protested over the refusal of exit visas. **Page 2**

Trawler blaze

Seven men from the Newlyn trawler Karenza took to liferafts when their vessel caught fire 30 miles off St. Ives Cornwall. A Royal Navy helicopter was alerted but another trawler picked up the men.

Autobahn talks

East and West Germany began political talks on plans for an autobahn linking West Berlin with Hamburg. The East Germans called off earlier technical talks, apparently feeling that *negotiations* should open at a political level. **Page 2**

Some picnic

Two British men and an Egyptian air hostess who went on a *picnic together in Saudi* Arabia are to be deported for violating Moslem law. The three were arrested last Friday—the *Moslem weekend*—and are in jail at Rabigh, north of Jeddah.

Briefly ...

Rotary International is being sued for sex discrimination in Los Angeles after it expelled a Californian chapter which admitted women.

Mrs. Thatcher, Tory leader, jokingly ripped Vote Labour stickers off the chests of shipyard workers in Belfast. The stickers were quickly replaced

Canary Island separatists are thought responsible for a bomb which exploded outside an Army recruiting office in Las Palmas.

Troops are still searching for *bodies after the earthquake in* Salonica, Greece, which claimed *Page 2*

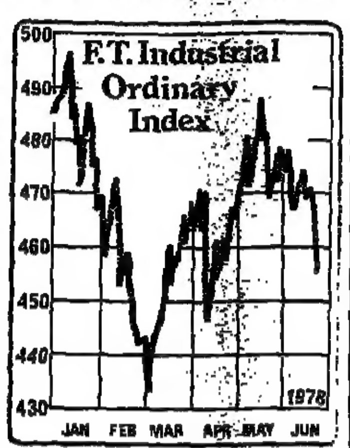
Solicitor Mr. Michael Dresden is to be reported to the Law Society by a London magistrate who fined him £50 for jamming a *parking* meter with a bent coin.

Floods and landslides have killed at least 17 people during week-long rains in South Korea.

BUSINESS

Equities slide; Gilts steady

● **EQUITIES** met increased selling pressure. Economic and political concern were again the main factors. The F.T. 30-share



index fell 7.8 to 455.6. It had fluctuated in the 490-460 range for two months.

● *GILTS were steady.* The Government Securities index *was 0.02 up at 69.76.*

● *STERLING closed slightly below its highest of the day at $1.8495 for a gain of 85 points.* Its trade-weighted index improved to 61.5 (61.3). The dollar continued to lose ground, particularly against the yen. Its trade-weighted depreciation widened to 6.5 (6.4) per cent. Back Page

● **GOLD** rose $1 to $186¼ in the wake of the U.S. gold auction. *The New York Comex June* price fell 10 points to 185.90.

● **WALL STREET** closed 5.11 *lower at 824.93.*

U.S. approval for steel link

● **U.S. STEEL MERGER** proposed by LTV and Lykes was approved by the Attorney General because "Lykes faced the grave probability of business failure." The merger is one of the biggest in U.S. history and will create a company with assets of more than $3.6bn. It will be the third largest steel company in the country.

The Department of Justice anti-trust division is concerned about the precedent set. There are several other steel companies with uncertain prospects. **Page 24**

● *MR. ERIC VARLEY*, Secretary for Industry, will decide "within 24 hours" whether to intervene in British Steel's plans to effectively stop production at Shelton tomorrow. **Back Page**

● **LABOUR PARTY** proposals to restructure and partly nationalise the construction industries could cost as much as £2¾bn, according to an Economist Intelligence Unit report **Back and Page 6**

● **FEDERAL RESERVE** chairman urged Congress to curb the U.S. activities *of foreign banks.* **Back page**

● **LEYLAND VEHICLES** is discussing colaboration with European manufacturers. Attention is being focussed on the use of common components. **Page 7**

● **WEST GERMAN** commercial vehicle exports fell 22 per cent in the first five months of this year. **Page 4**

● **DELEGATES** at the National *Graphical Association* conference approved draft proposals for a *merger* with SLADE, the process workers union. **Page 9**

● **CONSOLIDATED** Gold Fields is seeking permission to drill for base and precious metals near Gairloch in the Highlands of Scotland. **Mining News, Page 22**

COMPANIES

● **F. H. LLOYD** had pre-tax profits of £5.16m (£5.79m) in the year to April 1. **Page 21**

● **LITTON** Industries of the US will take an after *tax loss of* $174m as a result of a settlement with the US Navy ending a nine-year dispute over a ship-*building contract.* **Page 24**

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Albright and Wilson	175	+ 10
Allied Colloids	77	+ 5
Burnett Hallamshire	184	+ 7
Elliott (B.)	114	+ 4
Mills and Allen Intnl.	177	+ 9
Sotheby PB	290	+ 5
Sutcliffe Speakman	58	+ 3
Anglo-Amer. Coal	600	+ 15
Central Pacific	550	+ 30
Cons. Murchison	255	+ 15
De Beers Dfd.	385	+ 5
Southern Pacific	190	+ 10

FALLS

Asscd. Book Pblshrs.	230	− 8
Assed. Dairies	220	− 5
Beecham	632	− 13
Bulmer (H. P.)	137	− 5
Comet Radiovision	119	− 5
EMI	130	− 5
Glaxo	552	− 11
Gt. Portland Ests.	286	− 10
GUS A	270	− 6
Hawker Siddeley	202	− 16
Hongkong Shanghai	314	− 12
ICI	370	− 8
Jardine Matheson	277	− 11
Plessey	95	− 4
Racal Electronics	244	− 6
Swire Props.	63	− 6
Tube Invs.	356	− 7
Silvermines	45	− 5
Tanganyika Cons.	147	− 8

Russia may join BP in Barents Sea exploration

BY RAY DAFTER, ENERGY CORRESPONDENT

The Soviet Union may co-operate with British Petroleum in joint oil exploration and development in the Arctic Barents Sea region.

Russian officials, including leaders of the Soviet State Committee for Science and Technology, have already had preliminary talks with BP in London.

Russia sees the politically-sensitive Barents Sea as a potential source of vital energy supplies in the longer term.

BP said that the approach about possible co-operation had been made by the Soviet Union. However, the company had made no commitment to the outline scheme and no firm pledge had been given by the Russians.

Even if a joint drilling operation is agreed, BP believes it could be 10 to 15 years before commercial quantities of oil are discovered, proved and produced.

It is not expected that a drill*ing agreement will be reached* quickly. For the past three years, BP has been discussing with Russian authorities a number of other possibilities.

These include oil exploration in the Caspian Sea; joint operations in oil refining projects; and *possible involvement in the construction* of an oil platform *fabrication yard in conjunction* with Brown and Root and *Wimpey on the shores of the* Caspian Sea.

So far, none of these projects has been ratified.

The possibility of joint drilling operations in the Barents

Sea is significant for a number *of reasons.*

Several studies made in the West, have shown that Russia may find it difficult to meet its needs, and *the needs of Eastern* Europe, by the mid-1980s.

The U.S. Central Intelligence Agency reported last year that Soviet oil production could reach its peak as soon as this year and not later than the early 1980s.

Mr. Jeremy Russell, deputy head of Shell International's East Europe Division, has reported that the Soviet oil industry is faced with the task of proving between 2bn and 4bn barrels of extra oil every year until 1985 if production targets *for the mid-1980s are to be met.*

Consequently, greater effort was now being devoted to exploration.

A Russian delegation has also held recent informal discussions with the Royal Dutch/Shell Group, although the possibility *of joint exploration projects in* the Barents Sea was not raised, according to a company spokesman.

News of the drilling proposals yesterday caused a stir in Oslo, *because* Norway *and* Russia have still to agree on a conti*nental shelf* boundary in the Barents Sea

The Norwegians want a boundary based on the median-line *principle as operated in the* North Sea But this would lie *further east than one drawn ac*cording to Russian-favoured *rules*

Mr. Bjartmar Gjerde, Norway's *Minister of Petroleum and* Energy, said that reports about *BP's possible drilling involve*ment indicated that the Russians *had changed their attitude to*wards exploration proposals.

"I know the Russians have for some time been in touch with international oil companies, but I thought it was only aimed at buying technology without the intention of opening up their continental shelf for foreign oil companies."

Tax relief on mortgages stays, Shore pledges

BY RICHARD EVANS, LOBBY EDITOR

THE GOVERNMENT has no intention of abolishing tax relief on mortgage interest, Mr. Peter Shore, Environment Secretary, said yesterday. He was outlining in the Commons housing policies which seem certain to form a major plank in Labour's election manifesto.

Taking advantage of a Conservative attempt to highlight the Government's poor housing record, Mr. Shore said an important Bill was being prepared which would include measures covering the public and private sectors.

Among its provisions would be: a clause to enable local authorities to keep their mortgage rates in line with those charged by building *societies*; a new subsidy system based on the principle *that average rents* in local authority housing should *rise no faster than average* incomes; a package of improved *legal rights for public sector* tenants; and a substantial revue *of the Rent Acts covering private* tenants.

His insistance that a Labour government would continue to give tax relief on mortgage interests to owner occupiers—an issue which has divided the party in the past—was clearly an attempt to head off any challenge *from the Conservatives that tax* relief might be in danger again.

As it seems increasingly certain that there will not be another *session in this Parliament*, the proposals outlined by Mr. Shore *will form a key part of* the Labour Party manifesto under *preparation.*

Mr. Michael Heseltine, shadow *environment* spokesman, gave notice that the Conservatives will *feature housing policy in their* election shop window when he repeated the pledge that council and new town tenants would be given a statutory right by the Tories to own their homes if they wished.

He promised that the policies they would pursue towards local authority tenants would be "incomparably more generous and realistic" than anything the Government had on offer.

But Mr. Shore said there had been considerable improvement in nearly every field of housing policy and, although he regretted the recent rise in mortgage rates, these were still 1½ per cent lower than a year ago.

There was some evidence that the acceleration in house prices was decreasing and he did not believe there would be the price explosion that many pople feared *a few months ago.*

"However, we shall continue to *monitor the situation closely with* the Building Societies' Associa*tion and be prepared to adjust* the volume of lending as events *demand.*"

The two specific measures for *owner occupiers' proposed by Mr.* Shore were the removal of the *ban on flexible interest rates on* local authority mortgages and the *strengthening of the powers of* local authorities to provide guarantees to building *societies*

Continued on Back Page

Parliament Page 8

Price war hits Tesco profits

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

TESCO, the supermarket chain, which intensified the food price war last June when it dropped trading stamps, yesterday reported a 5 per cent fall in pre-tax profits in the year to the end of February. This was in spite of a 35.77 per cent increase in sales which took turnover up to £979m.

In the 38 weeks after giving up Green Shield stamps and cutting its margins, Tesco increased its sales by 42.95 per cent. The scale of this increase is unprecedented in the grocery business and demonstrates the pressures which Tesco's competitors have been under for the past year.

Several other retail groups, like Sainsbury and the Associated British Foods supermarket subsidiary, Fine Fare *have already reported reduced* margins and there have been warnings that there will be casualties in the industry if the price war continues.

Mr. Leslie Porter, chairman of Tesco, said yesterday that the company intended keeping up the pressure on prices.

The board was confident that the new trading strategy would result in a satisfactory rate of profit increase, and this had been borne out by the trading results for the first three months of the current financial year.

When Tesco, which has now overtaken Sainsbury to become the second largest retailer of packaged groceries in Britain *after the Co-op, dropped stamps* it also cut its gross margins on *groceries by 4 or 5 points.*

This, together with costs involved in launching Operation Checkout, took its toll on net profits which, before *tax, fell* from £30.18m in 1976 to £28.56m in the year ended February, 1978. In the same period net margins fell from 4.3 per cent to 3 per cent.

Mr. Porter said yesterday that without the non-recurring costs of more than £3m involved in the launch, the company would be able to increase its net margin to 3.5 per cent this year "with a little bit of fine tuning."

Since last June, the company has reduced its branches by about 60 to 650. This year it will open 16 new stores.

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Lloyd's warning on new members

BY JOHN MOORE

LLOYD'S of London, the world's oldest *insurance community*, is prepared to limit membership *if insurance business growth* does not soon revive, Mr. Ian *Findlay, chairman, said* yesterday.

Last year's election of members was a record of 3,636, bringing the total membership to 14,134, Mr. Findlay said in his annual report.

A steady increase in capacity was a healthy feature of the market "provided that it is accompanied by a corresponding growth in business. Where this is not the case there must be doubt whether *so large* an increase in names is desirable."

The number of new members this year is expected to be at *about last year's level*, although the committee of Lloyd's was *monitoring* the position closely and was prepared to impose *limitations* if this should prove necessary.

Restrictions could take the form of a ballot system organised by the underwriting agents, or a quota system, supervised by the committee. The last time restrictions were imposed was in the late 1950s and early 60s, when a points system was organised which admitted new members according to the length of time they had waited for admittance. If existing members died they were replaced by new members.

The poor conditions in insurance markets are widely spread throughout many classes of business. In the aviation and marine markets in particular, premium rates are depressed. It is becoming increasingly difficult for syndicate members to be provided with any business which is likely to make a profit in those markets.

Mr. Findlay hinted that the recent controversial ruling by Lloyd's that outside insurance interests should hold no more than 20 per cent of a Lloyd's broker — which blocked takeover bids by two large American brokers Frank B. Hall and Marsh and McLennan — could be relaxed.

"The door of Lloyd's can always be opened further, but it is difficult to close the door once it has been opened too far. If, and I must say it is a big if, the committee were to be satisfied that their conditions regarding the entry of brokers could be modified without weakening in any way the essential requirements of control in London, then I am sure the position could be reviewed."

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£ in New York

—	June 21	Previous
Spot	$1.8302-8518	$1.8470-8480
1 month	0.56-0.50 dis	0.59-0.61 dis
3 months	1.50-1.44 dis	1.50-1.40 dis
12 months	5.10-4.90 dis	5.10-4.90 dis

Zenith loses court battle over imports

BY JUREK MARTIN, U.S. EDITOR WASHINGTON, June 21.

THE U.S. Supreme Court today removed a possible obstacle to the current round of world trade talks by ruling in favour of the U.S. Government in the *controversial* Zenith colour television case.

The court declared unanimously that the U.S. Treasury *was not obliged under law*, as Zenith had claimed, to impose *countervailing duties on im*ported Japanese electronic products, principally colour televisions, because the Japanese Government exempted its manufacturers from a commodity tax on goods sold overseas.

Had Zenith prevailed in the Supreme Court, the international consequences could have been severe. The U.S. would have had to impose countervailing duties on European goods sold here on which value-added tax is rebated to exporting companies.

U.S. Steel, supported by Bethlehem, has already filed suit in a lower court against European value added tax rebates. The thrust of today's ruling *appears to lessen the chances of* success for that action.

The U.S. Government greeted today's ruling with undisguised *relief*. It had warned that foreign governments would almost certainly retaliate against U.S. products if Zenith had been upheld, *even to the point of starting* a trade war.

Moreover, the slow but definite progress that the U.S. and its major trading partners *have* made in working out an inter*national code governing subsidy* payments by national govern*ments would have been com*pletely eliminated.

There would have been virtually no chance of reaching a new multinational trade agreement, in which subsidies will form an integral part, *in a* month's time or even in the foreseeable future.

The Supreme Court ruling today briefly alluded to such arguments, but was essentially based on strict interpretation of the original 1897 Countervailing Duties Statute and subsequent *interpretations* by the Treasury Department.

Zenith had argued that the terms of the 1930 Tariff Act *required the U.S. to levy counter*vailing duties whenever a foreign *country pays a "bounty or grant"* on the export of a product.

But Justice Thurgood Marshall, who wrote the unanimous *opinion, said that the Japanese* rebates did not amount to a "*bounty or grant.*" *This term* was not intended to encompass *a non-excessive remission of an* indirect tax.

Successive cases over the years had shown that, so long as *rebates were not excessive, the* forgiveness of indirect taxes did *not constitute an unfair competi*tive advantage for exporters.

Indeed, such tax breaks had been viewed "as a reasonable measure for avoiding double taxation of exports—once by the foreign country and once upon sale in this country."

This interpretation of the statutes to which Treasury secretaries had adhered over the years, Justice Marshall wrote, "was far from unreasonble."

Congress could have overruled the Treasury but had not done so "and it is not the task of the judiciary."

This last remark appears to be a direct reference to a key part of the Government brief in the arguments before the Supreme Court.

After Zenith had won its *initial case before the New York* Customs Court but had been over*ruled by the Customs Court of* Appeal, the administration *wanted* that last verdict to stand and had argued against the *Supreme Court considering* the issue.

Israel upsets U.S.

BY JUREK MARTIN, U.S. EDITOR WASHINGTON, June 21.

THE U.S. expressed public regret today at what it felt was the inadequate response of the Israeli Government to American questions on the future status of the West Bank and the Gaza Strip.

The State Department comment accords *closely* with the private disappointment that has been evident here in the past three days as the Administration has deliberated over its public position.

The State Department took the unusual step of releasing the *text of the two questions* it put to the Israeli Government last *month* and which produced last Sunday's response by the Cabinet and Monday's *ratification* by the Knesset. They were:

● Could Israel say that at the end of five years the question of the *final* status of those territories would be resolved?

● What could Israel *say* about the mechanism by which the *question would be resolved?*

The Israeli response has put *the onus on the U.S. to* get peace talks moving again. Mr. Hodding *Carter, the State Department* spokesman, said the U.S. would *consult Israel and Egypt.*

Vice-President Mondale's long-*arranged* visit to Israel this month, originally a ceremonial *visit, is already assuming new* significance.

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FEATURES

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EUROPEAN NEWS

Schmidt rules out early reform of tax structure

BY ADRIAN DICKS — BONN, June 21.

CHANCELLOR HELMUT SCHMIDT, under increasing pressure to consider early reform of the West German tax structure, asserted his authority in the Cabinet today in order to emphasise that he regards any such measure as not technically feasible within the short-term.

Herr Schmidt's warning appeared directed both at his junior coalition partners, the Free Democrats (FDP), and at Bonn's partners abroad, for whom medium-to-long-term tax reductions must now appear one of the more probable West German contributions towards a compromise package at the world economic summit here next month.

In the Cabinet's discussion of the matter today, the Chancellor repeated his conviction that reform of the income tax structure to take account of rising wages and of the present relatively heavy taxation of the lowest incomes, could not be carried out by next January 1. A Government spokesman, said, however, that Herr Schmidt had "not ruled out" the possibility of a tax reform package by 1980, but also stressed that this did not mean that the Chancellor was promising one.

The Government's view has been that no decision on any matter bearing on next year's budget, including possible tax changes, will be taken until late July, when the Bonn summit meeting will already have taken place.

Herr Hans Matthoefer, the Finance Minister, also stressed the dangers of trying to put into effect a long-term change such as the reform of the tax structure without adequate time for preparation.

Herr Schmidt's strongest criticism of the Free Democrats was made last night to his own Social Democratic (SPD) parliamentary group, when he accused the FDP of acting "hectically." He reaffirmed his own goals for the world economic summit as those of currency stability, co-operation over energy, reducing protectionist tendencies, getting to grips with development problems and—in last place—discussing growth policies.

The FDP, for its part, has been obliged to qualify the draft tax reform package which it last night formally adopted, explaining that it will not press the matter any further without agreement on the "contents, timing and consequences" with the SPD. As a result of this agreement, the coalition was expected to have no trouble this evening in surviving a tactical attempt by the Christian Democratic opposition to force the FDP to stand by its ideas and vote for a vaguely-worded opposition motion calling for tax reform next year.

While this solution may have answered the Free Democrats' urgent need to re-establish themselves as a party of reform and imagination in the wake of their recent humiliations at the polls, few in Bonn doubt that tax reform will remain a deeply divisive issue within the coalition.

Herr Schmidt also strongly attacked last night the report by the "five wise men"—the independent council of economic advisers—which yesterday advocated changes in the tax system that would relieve personal income and business taxes now in force, and replace part of the shortfall in revenue with an increase in value added tax to 13 per cent.

Fahd on visit to Bonn

Crown Prince Fahd of Saudi Arabia (left) arrived in Bonn yesterday at the head of a delegation for three days of talks with the West German Government. He held a first private meeting with Chancellor Helmut Schmidt yesterday evening. Economic issues were expected to take first place in the talks with the West Germans likely to express their appreciation of Saudi Arabia's moderating influence at this week's OPEC meeting.

Renault, unions in strike talks

BY DAVID CURRY — PARIS, June 21.

NEGOTIATIONS between Renault and the unions are taking place this evening to try to resolve a dispute at the Flins factory near Paris which has so far caused the loss of some 15,000 vehicles.

The talks are being held at the demand of the Versailles court which authorised the expulsion by the police of the workers occupying the press shop on condition that an attempt was made to find a negotiated solution.

Riot police cleared some 80 workers from the press shop—almost entirely Moroccan, Senegalese and Malion immigrants—in the early hours of this morning. The company has restarted the presses with substitute labour but the 9,000 assembly line workers who were laid off yesterday have not been recalled.

Although the unions have protested against the expulsion, there are few signs that the dispute is provoking much sympathy action. The expulsion almost a fortnight ago of striking workers at the Cleon factory near Rouen, and, before that, the first expulsion of the Flins workers, took place without widespread sympathy action.

The Flins workers' demands cover salaries but, more importantly, regrading. They are classed as manual workers and are demanding to be reclassified in the bottom rung of the professional ladder. The company is resisting this because they do not meet the qualifications required for this classification and to concede a higher status without the qualifications would upset the grading system at the plant.

The Renault dispute is one of a series of strikes spread over French industry though there is no sign yet of any co-ordinated opposition to the Government's economic policies. Six of the 11 units of the Moulinex domestic appliance company are at a standstill, the Lyon Metro, recently opened, is hit by a drivers' strike in support of claims for equal pay with the Paris underground drivers and for shorter hours "in the tunnel," while talks are expected to begin today to resolve the strikes in the country's arsenals which is holding up, in particular, repair work on naval vessels.

The Government is unperturbed by the strikes because the unions themselves are split on what interpretation to place on the disputes and because they still appear isolated. It feels, on the basis of historical experience, that strikes so close to the summer holidays are unlikely to develop any real momentum, though some observers see the present discontent as a harbinger of a "hot" autumn in the industrial relations field.

France has trade surplus

BY DAVID WHITE — PARIS, June 21.

FRANCE'S TRADE balance was in surplus last month for the fourth month running. The seasonally adjusted figure showed a positive margin of Frs155m (£18m), which, although lower than the April surplus of Frs692m, leaves France's trade record so far this year in the black.

This means that, in adjusted terms, France has wiped out its heavy deficit suffered in January. However, the crude figures for the first five months show a Frs1.6bn shortfall, while the adjusted surpluses have been rapidly shrinking since March.

In May last year, France had a trade deficit of just over Frs1bn. Exports over the 12 months have risen 14.9 per cent to Frs29.52bn last month and imports by 9.7 per cent to Frs29.36bn.

Cereal exports helped restore balance in French agricultural trade, while the May figures were boosted by large deliveries of motor cars and parts. Trade with the remainder of the EEC produced a reduced deficit of Frs 590m.

Dutch civil servants call strike

BY CHARLES BATCHELOR — AMSTERDAM, June 21.

DUTCH civil servants are planning a one-day strike on Friday in the main cities in protest at plans to limit salary increases. Meanwhile it appears increasingly unlikely that the Government's proposed Fl 10bn ($4.5bn) package of spending cuts, which include the salary curbs, can be dealt with by Parliament before the summer recess.

The one-day strike means that there will be no public transport, refuse collection or postal services in Amsterdam and Rotterdam. Electricity will be maintained at a minimum. Other cities may be affected. The strike will be followed on Monday by a demonstration in the Hague.

Government and local authority workers are not permitted to strike in Holland but the Home Affairs Ministry said today that no decision had been taken on the Government's reaction. The Government could seek a court injunction prohibiting the strike. The authorities have said civil servants may take leave to attend the demonstration provided the work of their department is not disrupted. Those taking unauthorised leave will lose pay.

The action has been called by the General Committee of Government and Local Authority Staff (ACOP) which is the largest civil servants' union and represents about 300,000 workers. The union is incensed at plans to allow its members' incomes to rise 1 per cent a year less than wages in the private sector over the next three years.

Discussions on how the Government's spending cuts should be allocated among departments are almost complete but an announcement has been delayed by opposition from Dr. Willem Albeda, the Christian Democratic Minister of Social Affairs. Dr. Albeda wants

Thousands flee after Salonica earthquake

By Our Own Correspondent — ATHENS, June 21.

SALONICA was today declared in a state of emergency after the earthquake which shook the city last night. At least 14 people were killed, six of them in the collapse of an eight-storey apartment block. It is feared that more people are trapped under the rubble. About 300 people were reported to be injured.

Athens observatory said the tremor registered 6.5 on the Richter scale, the strongest in the area since 1932 when an earthquake caused serious damage in the Chalcidice peninsula.

Thousands of people fled the city today, fearing further tremors. Many camped in parks and fields. Power failures and breakdowns in communications added to the difficulties.

There were no reports of damage to the large industrial plants outside Salonica. They include an oil refinery, chemical and petrochemical plants and a steel mill.

Red Brigades kill policeman

By Paul Betts — ROME, June 21.

TERRORISTS FROM the ultra-Left Red Brigades shot dead the former head of the Genoa anti-terrorist squad in a crowded bus today.

Chief Inspector Antonio Esposito was travelling to work when the terrorists entered the bus and gunned him down. The Red Brigades later claimed responsibility for the murder. The terrorists escaped in the confusion and panic that followed the shooting.

The extremist movement last month kidnapped and murdered Sig. Aldo Moro, the former Christian Democrat Prime Minister.

At the same time, the profound crisis of the Italian judicial system was highlighted today when some 6,000 magistrates went on strike in protest against conditions and understaffing of courts and the high number of pending trials, currently put at about 1.2m.

Belgian budget deficit may rise

BRUSSELS, June 21.

BUDGET MINISTER Mark Eyskens said that Belgium's 1978 budget deficit may be between BFr 80bn and BFr 90bn compared with previous official estimates of a shortfall of at least BFr 65bn. Mr. Eyskens was speaking to the Flemish BRT radio station. Government sources said earlier that the deficit could rise to BFr 100bn after last year's BFr 75.1bn deficit.

Reuter

Accord signed over reactors

TOKYO, June 21.

WEST GERMANY, France and Japan signed an agreement here today on technical co-operation in the development of fast breeder reactors, according to a Japanese spokesman. The five-year agreement calls for exchanges of information and experts, and for joint experiments.

Reuter

'Cell' claims German blast

FRANKFURT, June 21.

A LEFT-WING group calling itself "Red Cells" has claimed responsibility for a bomb attack on an Israeli fruit import company in Frankfurt, according to West German police. The bomb caused an estimated $125,000 damage to the offices of Agrexco, an Israeli agricultural export company.

Reuter

SPAIN'S DEPRESSED STEEL INDUSTRY

First stage of rescue plan agreed

BY OUR OWN CORRESPONDENT — MADRID, June 21.

AGREEMENT HAS been reached on the first stage of a major plan to restructure the depressed Spanish steel industry. The plan will pave the way for the nationalisation of the smallest of the country's three integrated steel companies, Altos Hornos Mediterraneo (AHM).

This company, employing 5,000 workers, is in the most precarious position of the integrated steel sector that has an accumulated deficit of some Pta 30bn (£375m).

This is the first large-scale state takeover since the Franco era and will have important consequences on the financial position of INI, the State holding company, that will absorb AHM. AHM has a capacity of 1.2m tons of liquid steel.

The agreement has taken almost six months to hammer out. As a first step it involves a write-down of the Pta 6bn ($75m) capital to a nominal peseta capital. The company will then be restructured with a new Pta 12bn ($150m) capital.

Only one of the present shareholders, U.S. Steel—which has a 15 per cent direct stake in AHM —will not take part in this new capital injection.

However, the existing shareholders—seven banks, seven savings banks and the second largest integrated steel company Altos Hornos de Vizcaya (AHV)—will provide only 66 per cent of the new money. The remaining 34 per cent will be provided by INI. Once this operation is complete, INI will purchase all the private shares, 66 per cent, for a nominal sum. This operation is due to be completed by February 28, 1979.

The agreement stipulates that the Ministry of Industry will appoint international accountants to make an independent assessment of AHM's books at the end of 1978. This valuation will then form the basis of a future payment by INI to the present shareholders for their 66 per cent equity in the newly injected capital.

The important point of this arrangement is that INI by not taking over now in full makes the present shareholders bear part of the losses for the remainder of the year. These are expected to be around Pta 5bn ($62m). In other words INI is paying less than it would if the takeover were concluded now.

This solution represents an important shift in the traditional interventionism of the Franco era from which the Ministry of Industry is trying to shake free. Previously the State almost certainly would have come to the rescue with the full capital injection.

INI now acquires a dominant position in the integrated steel sector. Already INI has an 88 per cent interest in Ensidesa, the largest integrated company, producing 4.9m tonnes of semi-finished products. AHM produces finished products and together with Ensidesa accounts for 75 per cent of the integrated sector.

AHV, the largest single shareholder in AHM, produces 2m tonnes of semi finished and finished products. AHM has been one of the main difficulties in rationalising the company's future.

U.S. Steel let it be known six weeks ago that it considered its investment in AHM a write off. The American corporation is also understood to have told the Ministry of Industry that it will not take part in a proposed capital injection into AHV—in which it has a 27 per cent stake.

Discussions on the re-structuring of AHV are at an advanced stage. The plan is that existing shareholders, bar U.S. Steel, invest Pta 5bn ($62m) in new capital; with the State chipping in with some Pta 13bn ($162m) in loans.

Foreign banks law delay criticised

BY ROBERT GRAHAM IN MADRID

INTERNATIONAL bankers like to think of themselves as a well-mannered crowd with a fine sense of diplomacy. So they have been too polite to say in public what most feel in private about last Friday's Spanish cabinet decision to permit foreign banks to operate in Spain.

For public consumption it is a welcome development that Spain is finally willing to accept the principle of reciprocity. In private the move is described as a timely end to an exhausting saga which could have been concluded much earlier. To put it mildly, the Spanish banking community and the various Government departments concerned have taken their time with the matter. Even after the authorities released copies of the decree almost three weeks ago on the understanding that it would be approved then, they delayed further, causing fears which in fact proved groundless—that important last minute changes, were being made.

From the point of view of the authorities the purpose of the decree is twofold. It is designed to bring Spanish banking practice more into line with that of Spain's principal Western partners and also by establishing the principle of reciprocity to ensure that Spanish banks can expand internationally without running into restrictions that could have been imposed abroad had existing Spanish legislation remained in force. Second, it is part of a broader scheme to liberalise domestic banking, modernise banking practice, and stimulate the growth of a proper capital market, breaking down the barriers of the old highly controlled system. Liberalisation of the banking system, and especially of interest rates, is seen as an integral part of Spain's move towards a more market-orientated economy.

Liberalisation will not take place overnight. The Spanish authorities and the local banks are neither able nor willing to accept an open door policy at the outset. The result is a series of limitations on both the establishment and operations of foreign banks which will deter all except the major ones from upgrading existing representative offices—the sole form of presence so far permitted them.

The essential limitations are twofold. Foreign banks will be restricted in the business they may do in pesetas. It will be limited to 40 per cent of the total assets held in Spain (essentially Government securities and that proportion of deposits that banks are obliged to place with the Bank of Spain). This restriction is designed to prevent foreign banks from competing too strongly for deposits.

Liberalisation of the Spanish banking system will not take place overnight. Local banks are neither able nor willing to accept an open door policy from the beginning and the limitations put on foreign banks by the new decree will prevent all but the biggest international groups from upgrading their existing representative offices.

Second, banks can either opt for establishing a fully owned Spanish subsidiary or a branch operation limited to three branches. In the case of a subsidiary they will have to put down Pta 1.5bn (£10m) to cover the capital and reserve requirement. For branches the amount will be Pta 750m (£5m). Though the amount needed for a subsidiary is higher than the requirements for foreign banks elsewhere in Europe, it has been fixed at this level to be in line with the requirement to establish a purely Spanish bank. Foreign bankers have known about this high "entry fee" and have made known their dislike of it. Yet it is not going to deter the interested ones, however much they might appear to complain.

Closer to 15 than 20 of them are expected to apply and be accepted by the authorities in the first year. Bankers talk of six U.S. banks, two British (Barclays and National Westminster), three French, two East German, one Italian, one Japanese, and one Brazilian. The banks will now have to decide between a branch operation or a subsidiary. The feeling among foreign bankers is that there is no real advantage to be gained from establishing a subsidiary. The operating conditions are the same.

Indeed, the suspicion is that this choice was included for presentational reasons, to demonstrate that if a foreign bank should set up a subsidiary it would be observing exactly the same norms as a Spanish bank. Most foreign banks are interested in branch operations.

The advantage of a subsidiary, if any, would lie in the remission of profits. Under Spanish law bank dividends are limited to 6 per cent of capital and reserves, so the subsidiary, with double the capital and reserves, can remit a greater overall profit than a branch. But this has to be weighed against the disadvantage of a much higher entry fee. There is some doubt still about the 6 per cent dividend control rule. Foreign bankers have sought legal advice as to whether this goes against the spirit if not the letter of the 1974 Foreign Investment Law. As it is Spanish banks get round the limitation by generous yearly rights issues.

Foreign banks will be obliged to liquidate any investments which are not in Government securities. Thus those foreign banks which have less than 25 per cent shareholdings in existing Spanish banks, and there are several, will have to dispose of these within a reasonable but undefined period. At the same time those banks which have stakes of over 25 per cent can opt to completely take over the bank in question. This provision has been primarily included to cover the position of Bank of America and Deutsche Bank.

The fear of the more traditional Spanish banks has been that the presence of sophisticated international institutions in Spain would take away business. Though in one sense true, this fear has been based upon a misreading of the aims of the foreign banks and the existing activities of the 50-odd representative offices.

The interest of the foreign banks in the Spanish market has been above all else to establish a presence in Spain, the world's tenth industrial power. But to expect them to take away large slices of business at this stage is wrong. A high proportion of those banks interested in operating here already have a high exposure in Spain through previously contracted international operations, and with the economy suffering a serious recession do not want to expand business very quickly. Foreign banks at present account for 70 per cent of foreign loans.

Secondly, the foreign banks are more interested in wholesale banking. It is significant that the four foreign banks that for historical reasons are already in Spain (Banco Nazionale di Lavoro, BOLSA, Credit Lyonnais and Societe Generale) account for roughly 1 per cent of deposits held by the 108 commercial and industrial banks in Spain.

The presence of the foreign banks is likely to be felt in the inter-bank money market where they will be looking to buy pesetas. The inter-bank market has only begun to develop since last July, with the decision to initiate a gradual liberalisation of interest rates. Perhaps more immediately their presence will be felt in terms of expertise and staff recruitment. They will now be looking—and willing to pay—for good banking talent which is not in abundant supply in Spain.

Beyond this the presence of the foreign banks should help to reinforce the authorities concern to exercise better policing of bank's activities. With three bank collapses this year, and the expectation of murky revelations over tax and capital evasion to come, the Spanish banking system does not have a good public image. The foreign banks could help to restore this.

Berlin autobahn discussions open

BY LESLIE COLITT — EAST BERLIN, June 21.

NEGOTIATORS from East and West Germany met here to-day to start work on details of a planned Autobahn across East Germany, to connect West Berlin with Hamburg.

The meeting between Herr Guenter Gaus, Bonn's permanent representative in East Berlin, and Herr Kurt Nier, East Germany's Deputy Prime Minister, took place after East Germany had cancelled an earlier appointment for technical talks. The reason appears to be that East Germany has decided that talks should begin at political level.

The autobahn is expected to cost between DM 1bn and DM 1½bn. East Germany stands to profit because West Germany would pay the greater part of the cost in Deutschemarks.

Negotiations have been opened in spite of a strong East German protest to West Germany over speeches on German unity by West German politicians to mark the 25th anniversary of the June 17 uprising in East Germany. Herr Nier summoned Herr Gaus to the Foreign Ministry and told him that West Germans had expressed aggressive intentions towards the GDR and had interfered directly in its affairs.

Although East Germany did not mention him by name, West Germany's President, Herr Walter Scheel, said at a ceremony in the Bundestag that it was a "simple fact" that the majority of Germans in east and west felt their unity.

There are other indications that the East Germans are not anxious to allow relations between East Berlin and Bonn to freeze. East Germany has agreed not to allow a dispute with West Germany over the border along the Elbe River to interfere with completion of a final document by their joint border commission, which was set up five years ago. East Germany claims the border along a 90-kilometre stretch of the Elbe is in the middle of the river, while West Germany insists that it is the east bank

Polish farmers ignore scheme

By Christopher Bobinski — WARSAW, June 21.

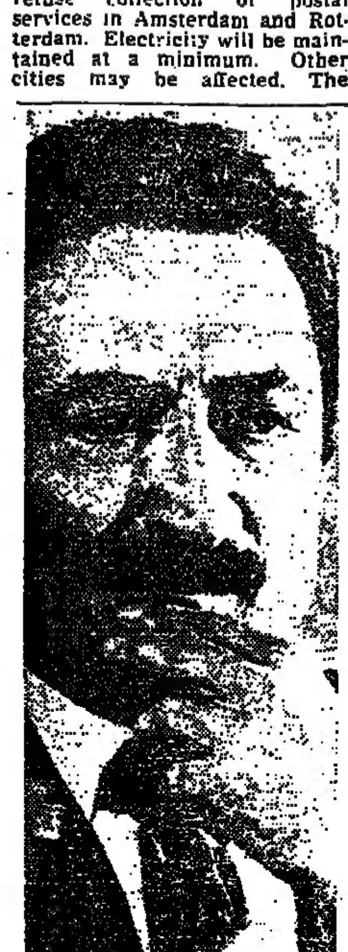
MANY THOUSANDS of Poland's 3m private farmers are refusing to participate in an obligatory pension scheme introduced at the beginning of this year. The level of payments is widely thought to be too high.

The scheme affects anyone holding over 1.25 acres, but pensions will only be paid out if the farmer concerned has sold Zl 15,000 (£2,500) worth of produce or more per year to the State over a long-term period.

A statement from the Social Self-Defence Committee (KOR) says that 28 per cent of Polish holdings sell less than this value, and that 240,000 farmers had refused to make the payments by last month.

Ecevit seeks to mend his Eastern fences

BY METIN MUNIR IN ANKARA



Ashley Ashwood

Mr. Bulent Ecevit

THE DAYS when Turks—the oldest and coldest of the cold warriors—were so anti-Soviet that they called Russian salad American salad, appear to have ended.

During the past decade Turkey's relations with the West have led to one disappointment after another, crowned by the U.S. arms embargo which followed the 1974 Cyprus war. Relations with the Soviet Union, on the other hand, improved slowly but steadily, after the Kremlin denounced Stalin's territorial demands on the Bosphorus and eastern Turkey.

Prime Minister Bulent Ecevit, who left Ankara yesterday on a five-day official visit to the Soviet Union, appears determined to re-evaluate Turkey's defence and foreign policies in view of this changing pattern. To put it very simply, the 53-year-old Social Democrat believes that Turkey cannot rely on the West completely for its defence and must therefore mend fences with the Eastern bloc so that it can stay out of a confrontation.

How exactly he will go about this is not yet clear but he is certainly not planning to make dramatic moves. There is no question of changing sides.

Mr. Ecevit seems determined to remain in NATO and equally resolute not to sign a non-aggression pact with Moscow. The much talked about "political document on friendly relations and co-operation," which he will sign on Thursday, will apparently contain a repetition of the principles of the Helsinki document and nothing else, although Moscow wanted to include a non-aggression clause.

The Prime Minister is intent on following a more independent and neutralist foreign policy and forging his own brand of "ostpolitik."

It will have to be done with extreme care. While the Kremlin has renounced any claim on Turkish territory it has not forsaken its centuries' long desire to have a say in the status of the Dardanelles, the gateway between the Black and Mediterranean seas, and to woo Turkey away from NATO.

Ankara is worried about Soviet influence in the Middle East and the Soviet fleet in the Mediterranean. It also has to remember that the Turkish Communist Party in exile is being supported by Moscow. There have recently been reports in the Press that the Soviet Union is arming the Kurds in Eastern Turkey.

During the last decade, Moscow has consistently striven to create a sense of security in Ankara so that its membership of NATO might appear redundant. Since 1967, Russia has become one of the biggest suppliers of project credit to Turkey.

While the U.S. aid mission to Turkey has long been shut, the Soviet one is expanding. During his current trip Mr. Ecevit is expected to sign an agreement which will increase the scope of Soviet project credits to Turkey.

Before going to Moscow, Mr. Ecevit visited Brussels, Bonn, Washington and New York where he discussed his country's problems with its allies in NATO and the Common Market. But before this he held talks with the Yugoslavs, Bulgarians and Romanians, and was host to the Soviet Chief of Defence Staff, demonstrating conspicuously that he felt he had room to manoeuvre if allies in the West were not more forthcoming.

As events turned out, Mr. Ecevit returned from his Washington trip with the conviction that steps would be taken to get his country out of trouble. President Carter has moved to lift the U.S. arms embargo, and promises of economic aid came from many countries including West Germany.

As far as Turkey's ties with the West are concerned, the debate in the next few days in the U.S. Congress on the arms embargo is much more important than Mr. Ecevit's trip to Moscow. If the embargo is not lifted the situation may change quite dramatically because Mr. Ecevit will feel forced to retaliate. He is likely to tell the Americans to dismantle their bases in Turkey — closed for nearly three years — and reduce Turkey's commitments to NATO.

For Ankara, the lifting of the embargo is vital because it threatens to change the balance of power in the Aegean in favour of Greece an event which Mr. Ecevit considers a greater threat than Russia.

Our Foreign Staff adds: Mr. Ecevit arrived in Moscow yesterday and was met at the airport by Mr. Alexei Kosygin, the Soviet Premier, who has long been associated with Soviet attempts to establish good relations with Turkey.

Moscow has wooed Turkey since its relations with its NATO partners came under strain over the 1974 invasion of Cyprus and the Turkish tendencies away from the Atlantic alliance.

The Soviet Press has hailed the visit as a landmark in relations between the two countries, suggesting that some sort of accord could be signed. A Turkish embassy spokesman in Moscow, however, said that final agreement on a political document would depend on the outcome of Mr. Ecevit's talks in the Kremlin which end on Friday.

Exile for dissidents after closed trials in Moscow

BY OUR OWN CORRESPONDENT — MOSCOW, June 21.

TWO JEWISH activists, Mr. Vladimir Slepak and Mrs. Ida Nudel, were convicted of "malicious hooliganism" today in separate, closed trials and sentenced to terms of exile within the Soviet Union of five years and four years respectively.

The charge against the two, who participated in separate protests on June 1 over the Soviet refusal to grant them exit visas to Israel, carried a maximum penalty of five years' imprisonment.

Mr. Slepak, a bearded, 50-year-old electronics engineer, had been a major figure in both the Helsinki Group and the Jewish movement since the arrest last year of Mr. Anatoly Shcharansky, Dr. Yuri Orlov and Mr. Alexander Ginzburg.

Mrs. Nudel, 47, an economist, has for seven years been refused permission to emigrate to Israel where her husband and sister live. Mr. Slepak has sought an exit visa for eight years.

Mrs. Nudel at first refused to enter the courtroom to protest at the fact that none of her friends or relatives were allowed to attend the trial. However guards carried her into the court on the orders of the presiding judge.

The sentencing of both Mrs. Nudel and Mr. Slepak is likely to arouse considerable protest from the West. Mr. Slepak, the first Soviet dissident to receive a message of support from President Carter, has been active in the Helsinki monitoring group founded by Dr. Orlov in 1976 to check Soviet compliance with the human rights provisions of the 1975 European Security and Co-operation agreement.

Dr. Orlov was found guilty of anti-Soviet propaganda last month and sentenced to seven years' imprisonment and five years' internal exile. The trials of Mr. Ginzberg and Mr. Shcharansky are expected to occur in the next month.

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OVERSEAS NEWS

Chairman Hua plans visits to Romania and Yugoslavia

BY COLINA MacDOUGALL

CHAIRMAN HUA KUO-FENG, the Chinese Prime Minister, is planning to visit Yugoslavia and Romania in the autumn, diplomatic sources said yesterday in East Berlin. If the visit takes place, it will be the first time since 1957, when Chairman Mao Tse-tung went to Moscow, that the leader of the Chinese Communist Party has been to Europe. *Chairman Hua is breaking new* ground in that Mao never went anywhere except the Soviet Union. Hua has already been to North Korea.

There was no confirmation of suggestions that Chairman Hua would visit France. It is understood that he has accepted an invitation from the French Government, but no date has yet *been fixed.*

Chairman Hua's trip is clearly intended to strengthen ties with the two east European countries most independent of Moscow and should be seen in the context of China's hostility to the Soviet Union.

By far the most dominant theme in current Chinese *foreign policy is Peking's stress* on its view of Moscow as a warlike imperialist. It feels particularly threatened because of its rapidly worsening relations with the Vietnamese, who it believes are being encouraged by the Soviet Union. Added to that is its fear of the disruptive influence of the Kremlin in Africa.

If Chairman Hua's trip materialises, it will be returning the visit to China of President Tito of Yugoslavia last August and President Ceausescu of Romania in May. A lesser *but still vital topic for discussion* with President Ceausescu could be the Korean problem, since the Romanian leader is believed to have discussed this recently with Chairman Hua following his meeting with President Carterf in Washington in April.

David White adds from Paris: *A date has still to be fixed for* Chairman Hua Kuo-feng's proposed visit to France, his first as Chinese leader to a Western country, the Foreign Ministry said here.

It was announced last month that Chairman Hua had accepted *an invitation from President* Valery Giscard d'Estaing. Ku Mu, China's vice-premier, who headed a delegation of 20 to France, said that France would be one of China's leading partners in its industrialisation programme.

*China is reported to be seek*ing a large arms deal with France, which would include the purchase by Peking of anti-tank missiles.

Japanese businessmen foresee big changes

MORE THAN half of Japan's leading businessmen believe Japan's defence spending will triple to 3 per cent of GNP over the next 10 years, according to a survey published yesterday, our Tokyo correspondent reports. The survey, conducted by the Keizai Doyukai (Japan Committee for Economic Development) also found that 65 per cent of businessmen expect the end of one-party rule by the Liberal Democratic party, 84 per cent expect Japan will succeed in the structural transformations necessary to produce stable growth, and only 32 per cent believe Japan will reach today's American level of per capita income in the next 10 years.

The Keizai Doyukai is a club which leading businessmen participate in on a private basis and is one of Japan's "big four" business organisations. It sent questionnaires to 413 top leaders of large companies, and received replies from 264. The tone of the replies was generally optimistic. Only 11.8 per cent of the businessmen felt the end of one-party Liberal Democratic government would have a major effect on their companies.

Weizman disavowal

The pressure for the dismissal of Mr. Ezer Weizman, Israel's Defence Minister, eased somewhat yesterday when he disavowed a report that he had accused Mr. Menahem Begin, the Prime Minister, and Mr. Moshe Dayan, the Foreign Minister, of lying and leading the country to war, David Lennon reports from Tel Aviv. Mr. Begin is expected to content himself with this public disavowal, though the rift between the two strong men of the Government remains almost total.

Malaysian nominees

Over 1,000 candidates in Malaysia yesterday filed nomination papers for the country's forthcoming elections amid tight security taken by the police at various nomination centres, Wong Sulong reports from Kuala Lumpur. A threat by the Communists to create trouble in the coming weeks to commemorate the 30th anniversary of their war of liberation has led to the Government banning public rallies during the elections to minimise the security risks and a total of 22,000 policemen have been mobilised to ensure a smooth and peaceful election on July 8.

China near complete rupture with Hanoi

BY JOHN HOFFMAN — PEKING, June 21.

THE BREAKDOWN in relations between China and Vietnam edged closer to complete rupture tonight with an announcement by China that it had cancelled the appointment of a consul-general in Ho Chi Minh city.

The announcement follows *yesterday's report from Hanoi*, later confirmed by the Chinese Government, that China had ordered Vietnam to close three consulates in Chinese cities and withdraw the staff as quickly as possible.

Wang Pu-Yun, China's consul-*general elect, has been in Hanoi* for the past three months, waiting on Vietnamese approval to go on to Ho Chi Minh city (formerly Saigon) to set up the consulate. He has now been recalled by his Government.

Tonight's announcement in Peking by the Chinese Foreign Ministry reveals that the decision to recall Mr. Wang and to order the Vietnamese consuls out of China were made simul*taneously. They were contained* in a Note sent to the Vietnamese Ministry of Foreign Affairs last Friday.

The Chinese Note said that, although Vietnam had established its consulates in Canton, Kunming, and Nanning in the *mid-1950s, it had obstructed* China's request for similar offices i nHo Chi Minh city but then and Haiphong.

Late last year, Vietnam had *agreed to allow a Chinese consul* in Ho Chi Minh city but th ne delayed its final approval. An advance party of Chinese consular officers had gone to Hanoi last April but had *since been* denied Vietnamese permission to go further. "The Vietnamese *Foreign Ministry even asked us* to leave Hanoi and return to China," the Chinese Note said.

Accusing Vietnam of a prolonged attempt to obstruct the establishment of a consular mission in Ho Chi Minh city, the Chinese Foreign Ministry said: "*Its reluctant concurrence on* June 16, coupled with the provision that the inauguration of the consulate-general was to be postponed until the fourth quarter of this year, is a Vietnamese ploy to disguise its complete lack of good faith."

The Chinese Foreign Ministry statement charged that "the Vietnamese side has broken the *story first, with a view to con*fusing the public." It said: "The rupture of consular relations between China and Vietnam is wholly the doing of the Vietnamese side."

The new dispute throws in doubt the future of China's plan to berth ships in Vietnamese harbours to evacuate Chinese nationals. China says it proposes to rescue Chinese citizens who have been persecuted by Vietna*mese authorities.*

Two ships left Canton last week and are now standing off Vietnamese ports. There was no information in Peking today about when they would attempt to enter harbour.

Iraq ready to purchase weapons outside USSR

BY IHSAN HIJAZI — BEIRUT, June 21.

A MEMBER of the Iraqi Cabinet has confirmed that his Government is seeking to diversify its sources of weapons. Mr. Saad Kassem Hammoudi, the Information Minister, said in an interview published here to-day in the daily Al Nahar Iraq plans to boost its fighting capabilities by obtaining weapons "from any source" and with no strings attached. But he denied that Iraq was planning to reopen relations with the United States.

Iraq has been buying more than 99 per cent of its weapons from the Soviet Union for the past 20 years.

There have been reports that Baghdad is negotiating with France to buy Mirage jet fighters, with West Germany to secure a modern radar network for its air force, and with Brazil to buy *training aircraft.*

The diversification is intended to lessen Iraq's dependence on the Soviet Union. Mr. Hammoudi spoke in the interview about the importance of retaining "freedom of action" where armament is concerned.

The *Iraqis see the Egyptian* experience as an example. Moscow cut off all arms supplies and spare parts to Egypt after President Sadat turned to the U.S. for co-operation.

There has been persistent speculation about strains in rela*tions between Baghdad* and the Soviet Union, which were reported to have grown worse after the execution in May of 21 members of the Soviet-oriented Iraq Communist Party.

Namibian rail sabotage

BY JOHN STEWART — CAPETOWN, June 21.

SOUTH AFRICAN security police and railway officials confirmed today that the explosion *which damaged* sections of the main line between Karibib and Walvis Bay, causing the derailment of a *train carrying* hundreds of school children to Walvis Bay early this morning, was the work of saboteurs. *No* one was injured.

Their investigations showed that two other attempts had been made to blow up the line west of the accident *scene*, but these had failed.

Railway sources said the driver of the train noticed that a low water bridge had been damaged and applied emergency brakes, but the momentum carried the diesel locomotive into the damaged area and it rolled over. The driver and his mate had to be treated for shock.

Ten passenger coaches carrying hundreds of black and white school-children to Walvis Bay for the holidays came to a standstill within a few yards of the damaged bridge. The line is *expected* to be reopened for mainline traffic between Windhoek and Walvis Bay tomorrow.

POLITICAL ATTITUDES IN SOUTH AFRICA

Conditional support for change

BY BRIDGET BLOOM, AFRICA CORRESPONDENT

Mr. John Vorster

A MAJORITY of South African *whites would support funda*mental change to apartheid provided the Prime Minister, Mr. John Vorster, and his cabinet, wanted to introduce it. So, too *—although this is less surprising* —would a majority of the urban blacks. "South Africa's leaders have become accustomed to see white voters as conservative and unwilling to change. But they are much more open to change than they are given credit for," says Dr. Theodore Hanf, director of the West German Arnold-Bergstraesser Institut, which has *just published the results of a* four-year study into the political, social and economic attitudes of whites and blacks in South Africa.*

*The Institute's study is prob*ably the most intensive opinion poll research ever carried out in *South Africa. The aim was to* find out whether a peaceful way out of South Africa's problems is possible. If the overall conclusions are gloomy—for the study finds no willingness to introduce fundamental change on the part of the ruling white *"power elite"—the survey raises* many questions of potential political significance. If the *apparent willingness of white* voters to accept change is among the most startling, it is perhaps equally interesting that blacks and whites alike seem to expect actual change mainly in the economic field and under the present system. And while *blacks and whites differ funda*mentally in their approach to political power—83 per cent of *blacks* want one man one vote, while 76 per cent of whites were happy with the present separate development system — the "second preferences" of blacks *and whites alike* indicated at least at a grass roots level some potential room for federal or *other power sharing solutions.*

The Institute's emphasis in its *research was on white opinion.* It conducted four separate polls, between June, 1974 and July, 1977, each time involving 1,200-1,800 whites. All were asked by qualified researchers to answer a series of questions which took an hour to complete. To assess their willingness to change, respondents were asked, for example, questions designed to find out whether they were fear*ful of the future.* "The chances are that there will be a black uprising in South Africa" was a *statement which got agree*ment from 62 per cent of the white respondents in 1974 and 65 per cent in 1977. Another statement: "We should fight to maintain South Africa as it is, whatever the risks may be," had 74 per cent agreeing with it in 1977, while, also last year, 76 per cent believed that present separ*ate development policies should* remain unchanged. Yet, in a series of statements designed to test their trust in and loyalty to the ruling Nationalist Party over half said they would support Mr. Vorster and his Government even if they introduced "*drastic changes with which you* do not agree."

Four separate polls of white South Africans over the 1974-1977 period show a majority *would support drastic changes* in the country's apartheid system if they were introduced by Mr. Vorster's ruling Nationalist Party.

A single poll of black opinion, part of the same survey, shows heavy opposi*tion to South Africa's separate* development policy but finds a belief that improvement for blacks will come through negotiation

In spite of the common ground, the overall conclusion is gloomy. The survey finds no willingness on the part of the ruling white elite to introduce fundamental changes.

But if the most significant finding on the white side was the degree of trust and an apparent *willingness to change* at the behest of the NP leaders in the National Party Government, what were attitudes on the black side? Only one poll of black opinion was conducted, involving a sample of just over 1,000 urban (as distinct from "homeland") blacks in Durban, Pretoria and Soweto. It took place early in 1977 and respondents were confronted with an equally exhaustive if some*what different series of ques*tions. Here the major finding was that a vast majority opposed separate development which carves South Africa up into ethnic homelands: 83 per cent. *said that they wanted a unitary* state, in which black and white, rich and poor, illiterate and *educated, had the vote.* But 55 per cent said they had a feeling of personal powerlessness, and 65 per cent *said they believed* "improvement for Africans will come through patient negotia*tions between white and black* leaders."

It was these findings, together with those from the white polls more directly concerned with attitudes to compromise political solutions—in particular to forms of power sharing—which led the Institute researchers to conclude that at least at a grass roots *level there could be some com*mon ground between black and white political demands. There *was a great deal of discussion of* the possibility of such political compromise at a conference which the Institute sponsored in Germany last week, which was *attended by some 20 black and* white South Africans (including Nationalist MPs and members of *the banned black opposition),* as well as by European and American academics.

At the conference, it was acknowledged that there was an enormous gap between "first *preferences*": the majority *of* blacks want one man one vote, *and the majority of whites would* prefer the system as it is. The current South African political scene, on the basis of the findings, was impressively and lengthily dissected by the social and political scientists present. It was acknowledged that if *there is to be a peaceful solu*tion, some political system must be found which could regulate the inherent or actual conflicts within South African society, and the major question was posed: is the *object of conflict bargain*able?

The answer in one area—that *of wealth—was a qualified yes.* A fascinating picture of the economic aspects of the South *African conflict emerged from* the study, with for example 72 per cent of whites agreeing in *1977 that there* should be equal pay for equal work across the colour line against 62 per cent in 1974. On an even more sensitive area—the question of command structure in jobs—only 12 per cent of Afrikaners accepted in 1974 that a black could be in charge of a white, whereas 24 per cent thought so in 1977. Overall, 40 *per* cent of whites agreed with this proposition.

On the black side, 94 per cent of respondents agreed with the proposition that "when I see what whites have I feel envious, and feel I should have the same." But in reply to other detailed *questions,* the study found that blacks wanted a share of the private enterprise system, not its *destruction,* and that a *majority* listed economic improvements as their priority. This led the Institute's director, Dr. Hanf, to conclude that while there was still a wide gap, the economic conflict was a question of "more or less not all or nothing," and *was thus negotiable.*

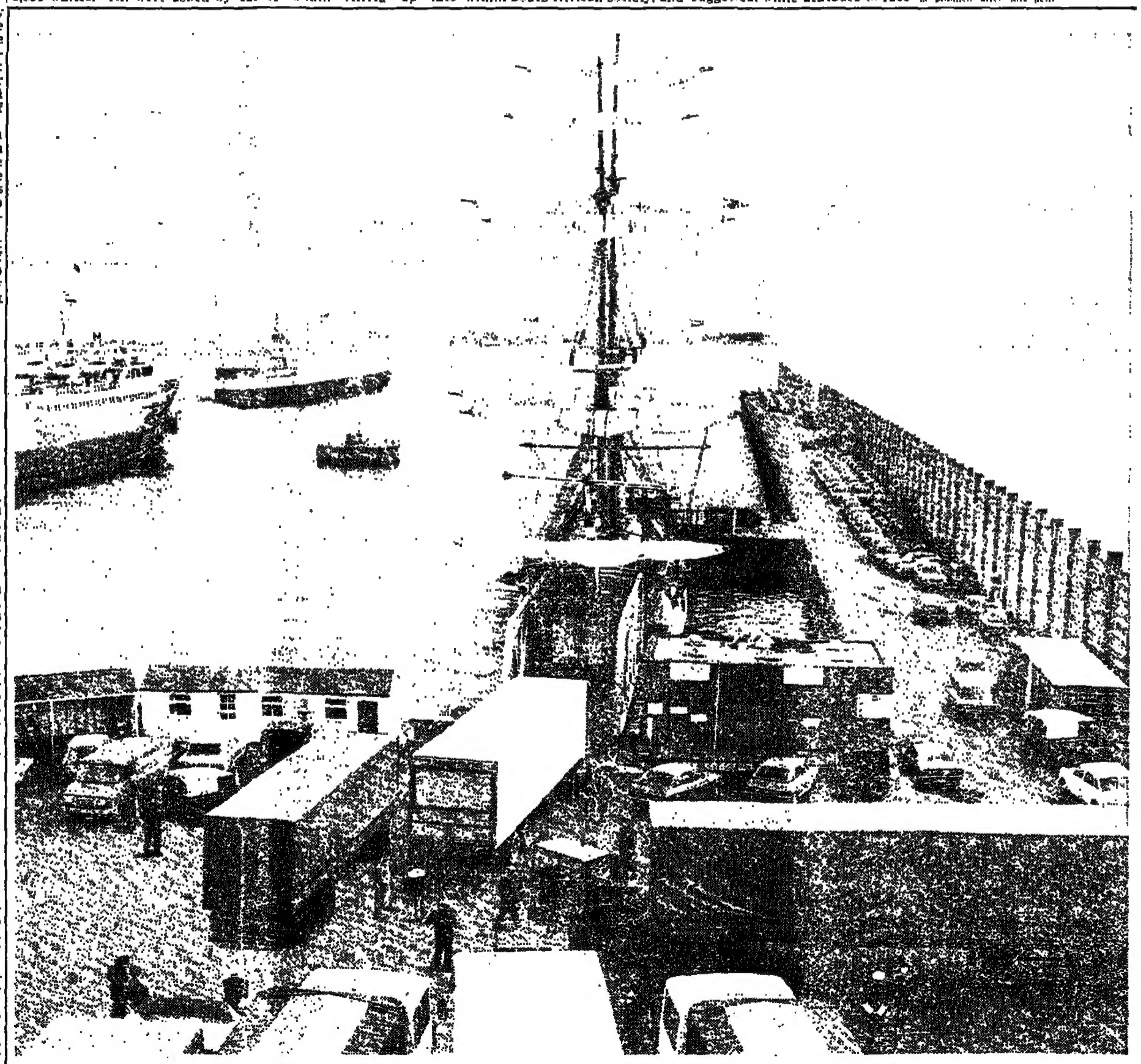
In the second major conflict area—that of cultural identity—the problem was found to be much more intractable. For though the majority of urban blacks were found to be both non-tribal and non-ethnic in their *political and social attitudes, in* practice a great majority of whites feared domination by blacks. But, the Institute suggested, white attitudes to race could change if the National party leadership wished that they should.

It was in the third area—that *of the conflict for power*—that "all the signs are that the conflict is non-negotiable." The core of the white power elite sees separate development as the only means of conflict regulation," Dr. Hanf said. The conflict for power in South Africa was ultimately seen as a "zero sum game" by whites and blacks: it was "all nor nothing."

The analysis led to *much* discussion of what was inelegantly termed "consociational *democracy" as a possible solution* for regulating conflict in so *plural a society* as South Africa. That (and the fact that before the conference, the South African *Government refused passports* to two of the black participants) was the only overt incident *of conflict.* But *even the most* liberal use of debating politenesses could not conceal the depth of the political conflict.

The Institute's findings (and *independent observation of South Africa)* may suggest that black and white are "brothers under *the skin.*" *But politically,* as one white opposition member put it, the two sides appear like two trains, *on the same track* and hurtling at great speed, if still at great distance, towards each other. If the Institute's findings are right, the only people who *can stop them colliding are those* presently in power in Pretoria.

* *Sud Afrika: Friedlicher Wandel?* by Hanf, Weiland and Vierdag, published by Grunewald, Munich. An English edition is planned later this year.



AMERICAN NEWS

Brooke has no plans to quit Senate seat

By Jurek Martin

WASHINGTON, June 21.

SENATOR EDWARD BROOKE (above), the Republican from Massachussetts who is the Senate's only black member, refused last night to resign his seat in the wake of a series of allegations of personal financial impropriety.

Mr. Brooke, who is up for re-election this year having served 12 years in the Senate, told a Press conference in Boston that newspaper articles on his financial affairs were untrue and "a reckless invasion of my privacy."

The Senator has been involved in an extremely bitter divorce case. It has been charged that he failed to disclose his full net worth in papers filed with the court which was determining support payments to his former wife. There have been additional allegations that he claimed tax deductions for his adult daughters after he had ceased to support them.

The net effect has been to cast a cloud over his political future. It had been assumed he would have no difficulty in winning re-election and a number of potentially strong Democratic challengers had taken themselves out of consideration earlier in the year.

But now several of them, including Boston's popular Mayor Kevin White, are expressing interest again.

Simultaneously, the State's Republicans appear to be having second thoughts. There were reports last night that several prominent Republicans had approached Mr. Elliot Richardson, holder of many Cabinet posts who has been serving as U.S. ambassador to the law of the sea conference, to oppose Mr. Brooke in the Republican primary in September.

Mr. Richardson reportedly replied that he would entertain running for office only if Mr. Brooke were to step aside.

U.S. servicemen on drugs, Carter told

WASHINGTON, June 21.

PRESIDENT CARTER was told yesterday that an estimated 10 to 20 per cent of the 200,000 U.S. servicemen in Europe were using hard drugs like heroin.

Congressman Glen English, a member of the Narcotics Abuse and Control Committee, said he drew the President's attention to the seriousness of the military drug problem during a White House meeting.

President Carter promised to look into the problem during his visit to West Germany next month, Mr. English said.

He said that based on testimony at committee hearings, he estimated that 10 to 20 per cent of American servicemen in Europe were using hard drugs. The vast majority of the troops are stationed in West Germany.
Reuter

Globe-trotting Vance

WASHINGTON, June 21.

MR. Cyrus Vance, U.S. Secretary of State, has kept up a travel schedule almost as hectic as his globe-trotting predecessor, Dr. Henry Kissinger, according to State Department figures. Since he took office in January last year he has travelled 219,807 miles—the equivalent of nine times around the world, in visiting 28 countries.
Reuter

U.S. COMPANY NEWS

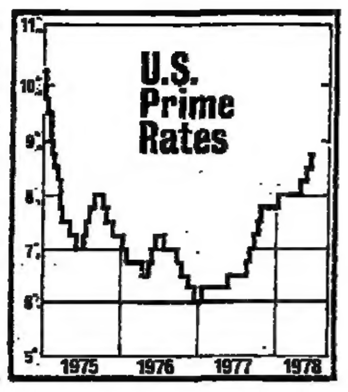
Government approves Lykes-LTV merger; Litton forecasts loss after Navy settlement; Kennecott victory challenged— page 24

New signs of rising trend in U.S. interest rates

BY JOHN WYLES

NEW YORK, June 21.

INVESTORS' WORRIES about another round of increases in short-term U.S. interest rates, which have depressed both the bond and equities markets this week, were strengthened today by indications that the Federal Reserve maybe raising the target for its important Fed Funds rate.



The Fed Funds market was under close scrutiny from the start of trading this morning because Wall Street was keenly awaiting any sign that the 7¼ per cent target for Fed Funds might have been raised by yesterday's meeting of the Fed's Open Market Committee, which decides the strategy for managing the money supply.

By 11 am Fed Funds were apparently being left to trade above the 7¼ per cent target and many dealers were concluding that the new target was likely to be 7¼ per cent. Mr. William Griggs, senior vice president with Schroder Bank and Trust Company, stressed that the evidence was not conclusive, adding: "My guess is that they have gone up a notch."

Mr. Griggs and other economists are also emphasising that for the first time since the present U.S. economic recovery got under way in early 1975, the Fed's actions are not the sole determinant of short term rates.

Strong credit demands are putting pressure on bank prime rates, which were raised to 8¾ per cent only last Friday and another prime rate increase is seen as quite possible within the next week or so.

It is being pointed out that 90-day certificates of deposit, which stood at 7.45 per cent a month ago, have been quoted this week at above 8 per cent. These are a major source of funds for bank lending and recent increases have left a small margin between the costs of acquiring the funds and the charges made on lending.

If, as seems likely, the Fed has raised its target on Fed Funds, which is short term money lent between banks, then it has done so out of concern to rein in money supply growth and the prospective rate of inflation.

Fears that this move was imminent have dogged the bond market over the past few days, where prices have dropped and yields correspondingly risen. The stock market has also been increasingly jittery and the Dow Jones industrial average on the New York Stock Exchange was down more than 3 points by midday after falling more than 25 points in the past week.

But investors have also been concerned at renewed signs of weakness for the dollar in the foreign exchange markets.

Foreign policy doubts dispelled as Carter sees Congressmen

BY JUREK MARTIN

WASHINGTON, June 21

PRESIDENT CARTER'S attempt last night to persuade congressional leaders that there is nothing wrong with his administration's conduct of foreign policy appears to have met with some success.

The President invited about 80 Senators and Congressmen to the White House for a three-hour foreign policy briefing conducted by himself, Mr. Cyrus Vance, the Secretary of State, Dr Harold Brown, the Defence Secretary, and Dr. Zbigniew Brzezinski, the National Security Adviser.

The session was part of a coordinated effort to dispel confusion over the direction of foreign policy and to set at rest the suspicion that two of Mr. Carter's principal advisers, Mr. Vance and Dr. Brzezinski, were engaged in a contest to become the President's *eminence grise*.

It was an exercise that impressed a number of Congressmen. Mr. Morris Udall, the liberal Democrat from Arizona, and former rival of Mr. Carter for the party's presidential nomination, said afterwards: "The President argued very strongly that with strong advisers and people giving him both sides of an issue, there are divisions. But he makes the final judgment and it seemed to me that the threads all fitted together pretty well."

Congressman Stephen Solarz, a New York Democrat, who recently met Fidel Castro, the Cuban leader, said: "Ultimately the President makes foreign policy and this evening most of us were very encouraged by the extent to which he seemed to be in command of the facts and determined to move ahead in a way which many of us thought made a good deal of sense."

Such expressions of support are, of course, only to be expected after a privileged briefing. What they do not necessarily mean is that when the Congressmen get back to Capitol Hill and consider specific issues they will automatically obey the President's behest.

An early test could come within the next few weeks when Congress considers lifting the partial embargo on arms sales to Turkey, a subject to which Mr. Carter attaches the highest importance and which he dwelt on at length last night.

Senator Charles Percy, the Illinois Republican, reported that Mr. Carter had expressed a high opinion of Mr. Bulent Ecevit, the Turkish Prime Minister, and was "very hopeful that with Ecevit in office it is now possible to make progress (on Cyprus), particularly if we can get the embargo lifted."

Bid to end NY racial tension

BY OUR OWN CORRESPONDENT

NEW YORK, June 21.

AMID ANXIETIES about a possible outbreak of racial violence in the Crown Heights district of Brooklyn, New York's Mayor, Mr. Edward Koch, has created a "Committee on Intergroup Relations" to recommend policies for reducing racial, religious and ethnic tensions in the city.

Mr. Koch has appointed his deputy, Mr. Herman Badillo, as chairman of the committee. Within hours of the announcement Mr. Badillo, a Puerto Rican, spent the evening in talks with Jewish Hassidic leaders in Crown Heights. The district is in a state of high tension following the death a week ago fo a black businessman and community leader who had been involved in a struggle with police and the beating on Friday of a black youth by a Hassidic "crime patrol."

Two Hassidim have been arrested on charges of assault and attempted murder, but Jewish community leaders claimed yesterday that this incident followed provocation by the black youth. Whatever the facts of the matter, relations between the two communities are now potentially explosive after several unpublicised incidents which Jewish leaders say prompted the development of their crime patrol.

Meanwhile 1,000 mourners attended the funeral last night of Mr. Arthur Miller, the 35-year-old businessman whose death has revived allegations of police brutality against blacks. Hundreds of blacks poured out of the Baptist Church last night chanting: "We want justice." There were no reports of violence.

The Mayor is hoping that his new committee will encourage the development of neighbourhood groups with equal ethnic representation which might help defuse tensions. Jewish community leaders in Crown Heights said last night that Mr. Badillo was urging a neighbourhood group for the area and was looking for black community leaders to hold discussions with the Jewish leadership.

CIA director criticises ex-agents

WASHINGTON, June 21.

THE Central Intelligence Agency (CIA) has lost a number of intelligence sources as a result of books by former agents and leaks to the Press, Admiral Stansfield Turner, CIA director, has warned.

Admiral Turner, giving evidence in a case brought by the Government against former agent Frank Snepp, also said that the CIA had received "very strong complaints" from a number of foreign intelligence services.

He later told reporters outside the courtroom: "If we cannot demonstrate to the world that we have control then we cannot have an effective intelligence network.

The Government is charging Mr. Snepp in a civil suit with breaching his contract with the CIA by publishing a book which chronicles alleged agency blunders during the U.S. military evacuation of Saigon in 1973.

Admiral Turner said the book, Decent Interval, had "flaunted the basic system of control we have."

The U.S. Justice Department contends that Mr. Snepp broke the secrecy agreement he signed as a condition of employment when the joined the CIA in 1968.

Mr. Snepp, whose desfence is being handled by the American Civil Liberties Union, argued that the CIA itself broke its conditions of employment by not paying any attention to his complaints, while he was still an agent, about the Saigon evacuation.

Judge Oren Lewis, declaring at the opening of the hearing that "we are not going to try the fall of Saigon here," carefully steered prosecution and defence lawyers away from discussing material contained in Mr. Snepp's book.

The Justice Department is seeking to block further distribution of the book and to obtain damages.
Reuter

Cuba youth conference

GABORONE, June 21.

THE Botswana Government has alleged that a youth conference in Cuba was to be used as a cover to recruit a terrorist organisation to seize power in Botswana. It said it had temporarily withdrawn the passports of 17 young members of the opposition Botswana National Front Party who werep lanning to attend a World Festival of Democratic Youth in Havana next month.
Reuter

Trudeau plans reshaped Senate

BY VICTOR MACKIE

OTTAWA, June 21.

A BILL for constitutional changes, introduced in Parliament by Mr. Pierre Trudeau, the Canadian Prime Minister, provides for revision of the Senate, an enlarged Supreme Court, and a set of guaranteed human rights. The provinces would be given greater power.

Mr. Trudeau tabled a constitutional amendment Bill yesterday setting out details of proposals contained in last week's policy paper on constitutional reform. The Bill was given its first reading but will not be proceeded with until the autumn. Mr. Trudeau's aim is for its first stage to be passed by July 1 next year, but critics are convinced that he will be unable to get it passed in that time in a pre-election session of Parliament. It is intended that a second stage of the legislation should be passed by 1981.

The legislation is Mr Trudeau's most determined effort at constitutional change. It is a task which five previous Prime Ministers have tackled and failed to accomplish.

The Bill recognises "a permanent national commitment to the endurance and self-fulfilment of the Canadian French-speaking society." The Senate would be converted into a 118-seat House of the Federation, which would deal with federal legislation and approve appointments to the Supreme Court and some Crown agencies.

The new House would give the provinces greater influence in federal affairs. Half its members would be chosen by the 10 provinces and half by the House of Commons. It would be able to delay legislation from 90 to 120 days but would not have power of veto.

The House's special role would be to guard the status of the French and English languages in Canada. Before any measure of special linguistic significance could be passed in the new chamber there would have to be majority approval by representatives in the House of both language groups.

The Bill also provides for reorganisation of the Supreme Court of Canada, establishment of a charter of rights and freedom, improved mechanisms for consultations with the provinces, a constitutional definition of the role of the Prime Minister and Cabinet and a strengthening of the office of Governor-General.

The Governor-General would exercise prerogatives, functions and authority in his own right, but the Queen would remain the sovereign head of Canada and exercise her full rights when in Canada.

In bringing forward this legislation Mr. Trudeau is staking his political career on the belief that the Liberal Party will not revolt over constitutional amendments which will break its hold on federal politics. Federal Liberals in Canada have held power for 39 years of the past century.

Mr. Trudeau

WORLD TRADE NEWS

Swedes to raise pulp prices

By William Dullforce

STOCKHOLM, June 21.

THE SWEDISH pulp manufacturers will introduce small price increases from July 1 and expect the other Nordic producers and the Canadians to follow suit. The lead price for bleached sulphate pulp will be $340 a tonne for the third quarter compared with the $310-330 a tonne, at which contracts have been made during the first half of the year.

MoDo was the first to announce the new price but all the major mills have since followed suit. This cautious increase is motivated by the improved demand for market pulp and the decline in the stocks held at the mills. It goes only a small way, however, to restoring pulp prices, which collapsed last autumn from a level of $410 a tonne for bleached sulphate.

Swedesh sales of market pulp during the first five months of this year have been 20 per cent higher than in the corresponding period last year. Deliveries to Western Europe increased by 12 per cent. At the same time by running the mills at less than 70 per cent of capacity, the Swedes have reduced their unsold stocks to 540,000 tonnes at the latest count.

The Swedish Pulp and Paper Association calculates that stocks held by the Nordic and North American mills now total no more than 1.6m tonnes which is close to the "normal" level of around 12 per cent of annual production. Moreover, most companies will shut down pulp production for two or three weeks this summer, so that by August stocks should be below the "normal" level.

The prices will still be too low to cover operating costs and most mills estimate that they will not be able to cover both operating and capital costs as long as the price for bleached sulphate pulp remains "this side of $400 a tonne." They will accordingly be looking for a further price increase in the fourth quarter of the year, a hope which they believe is justified by the smallness of stocks now held by their West European customers.

Chinese team visit Canada

By Victor Mackie

OTTAWA, June 21.

A PARLIAMENTARY delegation from the National People's Congress of the People's Republic of China will visit Canada on June 23 as guests of the Canadian Parliament. The 7-member delegation will be led by Chi Peng-fei, vice-chairman of the National People's Congress.

During its tour, the delegation will visit MacMillan Bloedel's pulp and paper mill in British [illegible] Imperial Oil refinery in Alberta, a wheat-pool and grain handling facilities also in Alberta, Massey Ferguson Industries in Brantford, Ontario, and Dofasco, a steel plant in Hamilton, Ontario.

The delegation will also meet members of the legislative assemblies of British Columbia, Alberta, and Ontario. In Ottawa, they will be received by Governor-General Jules Leger, Prime Minister Pierre Trudeau, and by representatives of the Government and official opposition.

Poles may seek French ships

By David White

PARIS, June 21.

FRANCE'S SHIPYARDS, starved of orders, are pinning their hopes on Poland for a package deal which may be worth as much as FFr 2.5bn (almost £300m).

A French trade mission is due to discuss the orders in Warsaw next week. The Poles are reported to be seeking 18 roll-on-roll-off vessels for use on Far East, Middle East, Mediterranean and Northern European routes.

The vessels involved are four 24,000-tonne ships, five of 17,500 tonnes, five of 7,000 tonnes and four of 3,000 tonnes. A 15-year banking credit is reported to be in preparation to cover the whole of the deal.

The prospect of the Polish order comes after a long series of negotiations and follows a big Polish deal with Britain for the supply of cargo vessels and floating cranes.

Ian Hargreaves adds that British Shipbuilders, the British state-owned shipbuilding group, will be sending a team to Egypt next month to evaluate Egyptian intentions of ordering around 40 cargo vessels.

Dr. Naim Abu-Taleb, the Egyptian minister of transport, discussed the expansion of the Egyptian national fleet with British Shipbuilders in London earlier this week.

This expansion has been under consideration for a period of years, but has been hampered by Egypt's financial difficulties. Finance remains problematic and early completion of negotiations for the ships is not expected.

Dr. Abu-Taleb is interested in exploring finance and credit terms similar to those made available in the £115m deal with Poland earlier this year. Another potential British Shipbuilders customer, Mr. Keith Wickenden, chairman of European Ferries, said that an order for up to six roll-on roll-off ferries worth about £100m could be placed in Britain if terms similar to those offered to the Poles were available.

EEC seeks details of Japan's export restraint

BY CHARLES SMITH

TOKYO, June 21.

THE EEC is hoping to gain some insight into Japan's recently introduced policy of directly restraining its exports at two days of "high-level" talks due to start in Tokyo tomorrow.

The EEC team, led by Sir Roy Denman, the Commission's director general for external relations, will be asking for elucidation on which sectors the government plans to control and on how "guidance" to restrain exports will be applied.

Another major topic to be covered at the talks—but one on which definite results may be hard to obtain — involves the question of whether the Japanese trade surplus with Europe has begun to fall since the beginning of this year. Japanese officials are expected to cite dollar and yen-denominated figures indicating that during the first five months of 1978 Japan's exports to the EEC have been growing much more slowly than its imports. The dollar-denominated figures show Japanese exports to Europe rising by 20 per cent during the period from January to May against a 34 per cent rise in imports from Europe. In yen terms the figures show an actual fall (by 0.9 per cent) in Japanese exports set against a 10 per cent increase in imports.

EEC officials appeared to be taking an extremely cautious attitude to these figures this afternoon. One reason may be that the EEC's own figures, denominated in European Units of Account, show a parallel increase of about 20 per cent in trade in each direction between Japan and the Community during the first quarter of 1978. However, the EEC apparently has no unit of account figures for April and May so the possibility remains that things have really started to improve during the past two months.

Tomorrow's discussions represent the first significant contact between Japan and the EEC since the two sides completed two months of intensive negotiations with the issue of a lengthy joint communique at the end of March. This included a Japanese statement to the effect that some sign of a reduction of the Japanese surplus with Europe should become visible by the autumn of this year. It was also agreed that the two sides should meet periodically to monitor trends in bilateral trade. One of the purposes of this week's talks has been to conduct the monitoring provided for in the communique.

Apart from a review of bilateral trade relations EEC officials will use tomorrow's talks to press Japan for an improvement in its tariff offer at the multilateral trade negotiations (MTN). A senior official this afternoon described the existing Japanese offer as disappointing and said that while there was no danger of the MTN talks breaking down as a result, the limited nature of the offer would reduce the scale of the tariff settlement.

TUC import warning

BY OUR CONSUMER AFFAIRS CORRESPONDENT

THE TUC warned yesterday that unless the leaders of the developed nations agreed on some way of stimulating economic growth at their meeting in Bonn next month, pressure for wide-spread import controls would increase.

Mr. David Lea, assistant general secretary of the TUC said that this would not be welcomed by the unions. But, given the present rate of unemployment and the "historical evidence," the "political consensus" would undoubtedly move towards protectionist measures if countries like Japan and Germany failed to both stimulate their economies and increase imports.

Mr. Lea was speaking at a conference on import controls organised by the Consumers' Association. The conference marked the beginning of a campaign by the Association to get the consumer viewpoint heard in the import control debate in much the same way as consumers throughout Europe have forced the EEC to at least pay lip service to the needs of consumers in the farm price negotiations.

Mr. Christopher Zealley, chairman of CA, said that consumers had been left out in the cold for too long while a "cosy coalition" of industry and the unions had been left to determine Britain's attitude towards import controls.

Mr. Edmund Dell, the Trade Secretary, put a damper on the CA's hopes of a major direct role in any discussions early on in the Conference. He made it clear that any concessions made between countries in negotiations about trade were always designed to help producers. Consumers, he said, got the residual benefit of any such concessions.

W. German vehicle exports fall

BY GUY HAWTIN

FRANKFURT, June 21.

WEST GERMAN exports of commercial motor vehicles dropped heavily in the first five months of this year. By the end of May, shipments abroad totalled 64,600 units—a full 22 per cent below the 82,338 units exported in the comparable period of 1977.

Car and Estate vehicle exports held their own and shipments in the first five months amounted to 810,200 units. This, however, was only a small increase on the 804,668 units despatched to foreign customers from January to May last year.

Overseas sales of West German commercial vehicles tailed off during the course of last year, and the May figures, produced by the Verband Der Automobile Industry (VDA) the industry's trade association, give no indication of an early end to this trend.

Exports last month totalled only 13,800 units—16.5 per cent below the 16,512 units sent abroad in May, 1977.

The poor performance in the commercial vehicle sector has considerably depressed the motor industry's overall export performance. Car and estate vehicle exports themselves dropped by 4.9 per cent compared with the same month of last year from 164,249 units to 156,200 units, and total vehicle shipments amounted to 170,000 units against the 180,761 of May, 1977, said the VDA.

The export record is to some degree offset by the fact that May, 1978, had fewer work days than May, 1977. Although overall car and estate vehicle production amounted to 322,900 against 1977's 330,189, output on a calendar adjusted basis was 3 per cent up from 16,509 units daily to 16,995 units. Calendar adjusted commercial vehicle output, however, was 9 per cent down from 1,362 units a day to 1,237 units.

Total production figures for the first five months of the year show car and estate vehicle production at 1,685,800 units, little changed from the 1,686,595 units of the comparable period of last year. Commercial vehicle output during the same period, however, dropped 15 per cent from 140,104 units to 118,600 units.

The VDA says domestic demand for the industry's products remains lively. The relative weakness of exports reflects some weakening of overseas demand and partly stems from limits on the ability of the West German motor manufacturers to delivery.

Drop in Soviet trade deficit

BY ROGER BOYES

THE SOVIET UNION cut its trade deficit with the West during the first quarter of this year compared to the same period in 1977, according to official figures released by the Soviet journal Foreign Trade.

The figures show that overall trade with the West and Japan fell by 60.7m roubles (£47.8m) in the first quarter and that the deficit dropped from 1,190.8m roubles in January-March 1977 to 1,100.9m roubles in the same period this year.

The statistics continue to reflect last year's trend away from trade with the West towards increased business with Comecon and the Third World. Comecon countries took the lion's share of the overall foreign trade accounting for 9,088.8m roubles compared to 7,938m roubles in the January-March period last year.

Significantly, trade with the Comecon countries was almost in balance during the first quarter, compared to a hefty surplus last year. According to a recent issue of the weekly journal Ekonomicheskaya gazeta, Soviet imports from Comecon reflect "the deepening of specialisation and integration in the manufacturing industry" within the East European economic organisation. Imports of machinery, engineering equipment and transport imports constituted, according to the journal, the main Comecon sales to Russia.

The cut in the Soviet deficit with the West is the result of a drive to maintain tight control over hard currency purchases during the past year. Heavy debt repayment commitments were compounded by a disappointing grain harvest last year which will necessitate substantial foreign grain purchases.

The Soviet Union's deficit with the West and Comecon during the first quarter was to some degree offset by an increasing surplus with Third World countries. Imports from the developing world decreased slightly while exports rose by almost 200m roubles.

The main Western trading partners continue to be West Germany, Japan, the U.S., France and Finland.

Howard Doris Dutch link

BY RAY DAFTER, ENERGY CORRESPONDENT

SCOTTISH oil platform builders, Howard Doris are joining forces with the Dutch NAPM International group in a bid to develop and build new offshore production structures.

Up to now Howard Doris has specialised in the fabrication of concrete platforms; its Kishorn base in the North Western Highlands of Scotland built the Ninian Central Platform — the biggest in the world. Through its association with NAPM Howard Doris plans to offer a wider variety of production facilities. NAPM, on the other hand, has concentrated on constructing and fabricating steel structures.

As a result of the joint venture, named HDN Offshore Structures, the Kishorn site and NAPM's steel fabrication yard at Vlissingen in Holland will be used jointly to build steel platform support structures, gravity platforms, decks and sub-assemblies.

Mr. Albert Granville, managing director of Howard Doris, said yesterday that the Kishorn site, where almost £30m had already been invested, would be modified to ensure that construction of steel and concrete structures could proceed in tandem. The steel fabrication sites at Kishorn is to be extended with a large shed and overhead cranes at a cost of some £600,000.

With Mr. William Cooper, president of NAPM, Mr. Granville announced that the new company was bidding for a platform contract put out for tender by the Shell-Esso group, developers of the North Sea Fulmar Field.

The formation of the group comes at a time when there is the prospect of several big platform contracts from operators of UK oil fields which have yet to be declared commercial projects. For instance, the Philips Group is thought to be nearing a decision on the development of its Maureen Field. British Petroleum is to spend £1.25bn on the exploitation of its Magnus Field. However, within the oil industry it is thought there is little chance that any of this next wave of orders will involve concrete gravity structures of the type built by Howard Doris for the Ninian Fields.

Howard Doris, now without an order, sees the link with NAPM as a possible way of staying in the platform building business while the long-term future of concrete gravity structures is re-evaluated by the oil industry and contractors.

● Star Canopus, a diving support vessel recently converted at a cost of over £3m, by its owners Star Offshore Services, has been chartered by Elf Aquitaine Norge to carry out subsea work on the Anglo/Norwegian Frigg Field in the North Sea. The contract, due to last for 35 days, will be managed by Star Subsea Maintenance.

● CJB (Offshore) is expected to announce shortly that its one-year management consultancy contract in Brazil has been extended for a further three years.

Saudi contract for ENI

SAIPEM, the pipeline laying subsidiary of the Italian state hydrocarbons group, ENI, has signed a $100m contract with the Saudi Arabian national oil company, Petromin, for construction of a 670km-long section of the Transarabian pipeline.

ENI will be paid in US dollars. Work is scheduled to start at the beginning of next month and is expected to be completed by the summer of 1980.

Co-operation plan for chemical companies

BY SUE CAMERON

A UK company has started negotiating large manufacturing contracts between various major European chemical companies.

The company, Cooperchem, claims it is helping to cut imports to the UK and to other EEC countries while at the same time stimulating use of the spare capacity in the chemical industry. Cooperchem says that in the five months since it was set up it has negotiated contracts worth £7.5m and it has another £15.5m worth in the pipeline. It estimates that by the end of this year it will have negotiated deals worth a total of over £50m.

The matching up of manufacturers and potential buyers within the EEC chemical industry was the brainchild of Mr. Gerald Cooper, former head of an unsuccessful dye producing company. The idea came to him when he realised that despite substantial over-capacity in the industry, chemical imports to the UK in 1977—excluding oil—totalled about £2.5m.

"The major European chemical companies tend to have spare capacity in different areas and they also tend to have a shortage of capacity in different areas," Mr. Cooper says, "yet they cannot work out a way of co-operating with each other because they are competitors. What Cooperchem does is act as a matchmaker, preserving strict anonymity at all times. Manufacturers and buyers are not even told each others' names until the final terms of the contracts between them come to be negotiated."

Car phone monopoly may be broken

BY JOHN LLOYD

THE POST OFFICE monopoly over car phones which link directly into the public network is about to be broken.

The companies which market mobile radio-telephone services expect that they will be able to offer an "interconnect" system by September, and that the market will be worth about £10m.

At present, only the Post Office offers a service which enables a caller to be connected, via the operator, to a third party.

The system, known as the Radiophone, was begun in 1959, and has been gradually extended throughout much of the U.K.

Private companies which market mobile communication services have been restricted to offering paging or message systems, which depend on the companies' operators acting as a link, passing messages to and fro.

Conditions

After two years of talks between the Post Office and the National Association of Radio Communications Services, it now appears certain that the Post Office is willing to breach its monopoly, and to offer licences to those companies wishing to market interconnecting services.

Two main conditions have been specified by the Post Office on any future application for licences. First, the company must make it clear to its clients that it offers both message services, and interconnect services, to allow him to choose.

Second, its operators must make it clear that the service is a private one, and not run by the Post Office.

Mr. Raymond Francis, secretary of the association, said yesterday that his members had agreed to these conditions, and were able to offer a range of services to complement simple phone calls.

They would be marketing a push-button system which enable a client to transmit a number of prearranged signals indicating where he could be contacted when he was not available on his car phone.

Applications

Mr. Francis said that the present turnover of the radio paging market was about £5m, and that it could be expected to double "almost overnight" with the introduction of the interconnect service.

The Post Office said yesterday that it was developing procedures to handle applications from companies who wished to apply for licences to operate interconnecting mobile phone services.

It is thought that an announcement on the service will be made in about two weeks.

The Post Office's movement away from total monopoly in this area comes at a time when sustained pressure is being exerted on it to liberalise its control over privately-marketed equipment.

Besides the small companies which make up the association, major companies such as IBM and ITT have said that liberalising the monopoly would increase growth in the subscribers' apparatus market.

Hastings and Thanet merger case attacked

BY DAVID CHURCHILL

DIRECTORS OF the Hastings and Thanet Building Society were criticised yesterday at a special meeting called by the Chief Registrar of Friendly Societies to approve the society's merger with the Anglia Building Society.

Mr. Paul Twyman, a civil servant, claimed that the societies had not put forward a convincing case for a merger.

He told yesterday's hearing that the directors had acted "with indecent haste" to push the merger through.

"They are seeking to bounce the membership into making a decision."

The hearing was adjourned until today by the Chief Registrar, Mr. Keith Brading.

The proposed merger would create the seventh largest building society, with assets of about £1.2bn.

The Chief Registrar's approval is necessary under the Building Societies Acts because the societies do not have formal permission in writing from at least two-thirds of their members.

But ballots of both societies' members overwhelmingly backed the merger, although only a small proportion of those eligible actually voted.

Complementary

The societies' case for the merger was put by Mr. John Mills, QC. The main reason was to enable the two middle-ranking societies to make significant progress and become one of the large societies, with consequent benefits for members and staff.

He said that the two societies were complementary in their operations rather than in direct competition.

Mr. Twyman, however, accused the societies of "empire-building" rather than acting in the interests of members.

He criticised the way in which the merger announcement and agreement was handled, claiming that inaccurate information was given to members.

The National Union of Bank Employees and other Hastings members also lodged objections to the merger at yesterday's hearing.

If the Chief Registrar gives his approval to the merger, the objectors are expected to try to get his ruling reversed through the courts.

A decision against the merger by the Chief Registrar would have serious repercussions for both societies and the movement as a whole.

Construction output 'will revive this year'

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

BRITAIN WILL join West Germany and the Netherlands in having a revival in construction output this year and next year, a London conference was told yesterday.

The first conference of the European Construction Forecasting Group to be held in the UK heard that some nations within the EEC could now expect an improvement in outlook after the construction recession which affected the entire Community.

Estimates suggest that total construction output this year will rise by 4 per cent in West Germany, 6 per cent in Holland and by 2 per cent in Britain.

Next year, West Germany will see a further 3 per cent rise while Holland expects a 4 per cent increase and the UK another 2 per cent.

While an increase in output of slightly less than 3 per cent is also expected this year in Italy, the trend is expected to be reversed next year with a fall of more than 4 per cent.

In Belgium, Denmark and France the outlook is for continuing reductions in workload over the two-year period.

A common feature of the forecasts is the expectation of growth in repairs and maintenance work.

In the public sector, the growth rate is generally expected to be weak, except in West Germany, where a strong rise in output is forecast, and in France where public corporations are engaged in large investment programmes.

Mr. Reg Freeson, Minister for Housing and Construction, told the conference, organised by the UK members of Euroconstruct—the National Economic Development Office and James Capel Research—that there was now fairly general agreement that construction output in this country would grow this year and next, perhaps faster than the economy as a whole.

Latest Department of Environment figures show that orders for new UK construction in April were worth £769m at current prices, compared with £811m in March. Orders in the three months February-April were, however, 12 per cent up on a year earlier.

Pub depreciations opposed

BY KENNETH GOODING

A GROUP of finance executives from the brewing industry is to suggest to the Accounting Standards Committee that public-house freeholds should not be depreciated under the terms of the recently issued accounting standard SSAP 12.

As present, none of the brewing companies depreciates freehold buildings in the licensed estate in the belief that pubs have an infinite life.

Implementation of the accounting standard could be significant. A recent estimate from stockbrokers Laing and Cruickshank suggested that depreciation of pubs could knock between 4 and 9 per cent from the profits of the major brewers.

In the case of the two biggest companies, Allied Breweries and Bass Charrington, the charge would be £4.1m and £5.5m respectively.

The claim to be made by the brewing representatives from three of the major companies and a smaller one is that they would not be in breach of the accounting standard if pubs were not depreciated because the standard insists only that depreciation be provided "on depreciating assets."

The brewers will point out that the result of depreciating pubs would be a charge against revenue followed every few years by an addition to capital reserves when the properties were revalued on an economic basis.

Pay rises 'should not top 8%'

BY DAVID FREUD

THE AVERAGE increase in pay in the next round should be kept below 8 per cent, the British Institute of Management told Mr. Denis Healey, Chancellor, last night.

The institute's leaders said at a working dinner at 11 Downing Street that lower pay guidelines should be accepted in stage four in order to reduce inflation.

However, there should be scope for merit awards and an opportunity for dealing with anomalies which have arisen, particularly among middle and senior managers, during previous phases of pay policy.

Sir Derek Ezra, chairman of the National Coal Board and the institute, told the Chancellor: "This would appear to be the only effective way of having the flexibility in the next phase for dealing with management."

'Shipping motorway' urged by Trinity House

By Ian Hargreaves, Shipping Correspondent

TRINITY HOUSE, the lighthouse and pilotage authority, wants to see the British Isles circled by a two-way "motorway" for ships in order to cut the number of collisions and reduce the risk of pollution.

Captain Miles Wingate, deputy master of Trinity House, said the recent experience whereby traffic separation schemes were being altered piecemeal in response to particular incidents was unsatisfactory and unlikely to reduce risks.

The authority already has before the Government a radical plan to overhaul shipping lanes in the English Channel and Captain Wingate said that the simple principle involved in this scheme should be applied more widely.

"We are aware of the problems and the objections, but we believe that this has to come."

At present, ships around most of the British coast are granted a high degree of freedom of movement and there are many areas where no traffic separation schemes exist.

The recent collision involving the Greek tanker Eleni V off the Suffolk coast took place outside any traffic control scheme.

The Trinity House principle is to provide wide, continuous two-way lanes with recommended points for crossing traffic and ships joining the scheme.

Captain Wingate said that the coastal plan was a long-term matter, but would, he believed, be possible within the next 10 years.

Tanker tug captain will give evidence

By Paul Taylor, Industrial Staff

THE MASTER of the German tug which went to the assistance of the Amoco Cadiz as it drifted helpless towards the French coast has agreed to give evidence before the Liberian Board of Inquiry in London on Monday.

Captain Hartmut Weinert, master of the Bugsier tug Pacific, is expected to face some tough questioning following evidence given to the Board by Captain Pasquale Bardari, master of the Amoco Cadiz.

The tug master is likely to be asked to give his version of the dispute between the two men over the form of towing or salvage contract and explain the lengthy delays in fixing lines to the tanker and beginning the tow.

The decision of Captain Weinert to appear before the Board was announced yesterday by Mr. Jervis Kay, counsel for Bugsier.

Continuing his evidence yesterday Captain Bardari admitted that it was not until 11.18 p.m: more than two hours after the Amoco Cadiz grounded on the Brittany coast on March 16, that a general distress call was successfully broadcast.

This was the first news of the disaster and it came six hours after Lands End Radio had specifically asked Captain Bardari for permission to notify Lloyds of the vessel's difficulties. This request was refused.

Port authorities expect record surplus of £41m

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

BRITAIN'S ports showed an aggregate surplus last year of £41m, according to preliminary estimates from the National Ports Council.

The council's annual report, published yesterday, shows a record net surplus of £39m for 1976 and says that the final figures for 1977 are expected to show a continued improvement from the 28 port authorities.

The 1976 results represent a return on capital of 10.4 per cent, compared with 4.9 per cent in 1975. The return for 1977 is estimated at 10.3 per cent.

Total port traffic at about 336m tonnes, showed little change compared with 1976, but there was a big switch in the pattern of fuel movements.

Fuel imports fell by 20 per cent, but this was largely offset by increased coastal movements and exports resulting from increasing production in the North Sea.

East Coast ports have benefited from this change mainly at the expense of South Coast and Welsh terminals. The council says that by 1980, British ports' petroleum traffic could be between 75m and 150m tonnes greater than in 1976, with the new oil ports in the Shetlands and Orkneys handling between 25 and 40 per cent of the extra traffic.

By 1985, the council suggests, there will be a further increase, with the new terminals handling up to 45 per cent of traffic.

Unitised traffic, which accounts for about 25 per cent of non-fuel cargo, continued to grow slightly last year and by 1985 could have increased its share to more than 30 per cent.

By far the strongest growth registered last year was at the ports on the Forth, which almost doubled traffic to 25m tonnes, and at the port of Dover, where traffic was up from 4m to 4.8m tonnes.

There were sharp declines at Swansea, Newport, Milford Haven and Liverpool.

NPC Annual Report. Commonwealth House, 1-19 New Oxford Street, London WC1A 1DZ. 75p.

Benn urges stronger State-consumer link

BY ROY HODSON

A NEW structure for the nationalised industries, to strengthen their links with Parliament and consumers, was urged by Mr. Anthony Wedgwood Benn, Energy Secretary, yesterday.

Mr. Benn put forward his proposals in evidence to a meeting of the all-party Commons Select Committee inquiring into the electricity supply industry.

Mr. Benn, making his second appearance before the committee as a witness within a matter of weeks, spent nearly two hours defending himself against the charges of other witnesses:—

● That he had not adequately consulted either the electricity unions or the industry's management about the contents of the Government's Electricity Bill;

● That he was proposing powers to manufacture for the industry which would be damaging to the existing electrical industry;

● That he was attempting to increase the Secretary of State's influence by proposed powers for the direction of the industry and the making of appointments.

Liberal Parliamentary Party opposition to the contents of the proposed Bill killed its chances of becoming law in the present Parliamentary session.

Mr. David Penhaligon, MP for Truro and Liberal energy spokesman, previously told the committee he had been given only 48 hours by Mr. Benn to study the contents of the Bill.

Mr. Edwin Wainwright, select committee chairman and Labour MP for Dearne Valley, told Mr. Benn: "I think you ought to realise it would be wiser to have consultations even though there is no chance of the people concerned accepting your ideas."

Mr. Benn said he was being accused at one and the same time of having too much consultation and too little consultation.

His intentions to bring about closer relations between the electricity supply industry, and Parliament and consumers were quite clear, he claimed.

They had been dealt with within the framework of the national energy strategy as it had been developed during the past year.

The best way to weaken links between the electricity supply industry, and Parliament and the people, would be "to turn the whole lot over to the new Electricity Corporation after it is set up."

Canals traffic tonnage falls 11%

By Our Own Correspondent

TONNAGE CARRIED on waterways operated by the British Waterways Board fell by more than 11 per cent to 5.5m tonnes last year, mainly because of a decline in movements of coal products.

In spite of this, the Board's commercial waterways increased traffic by 1.6 per cent measured in tonne-kilometres, reflecting a gain in longer distance traffic.

The Board's annual report, published yesterday, says that in spite of this setback to the recent pattern of growth in freight volumes on the waterways, the prospects for the future remain encouraging because the waterways' energy efficiency will make them increasingly competitive.

The report makes it clear that the Board's fight to get more money from the Government for investment and arrears of maintenance will continue.

The £5m promised earlier this year for maintenance has not been paid because of a dispute with the Government over the way it will be used.

The report calls for a Government scheme similar to that available for railways whereby facilities for private freight transfer points are grant aided.

The central financial problem remains—maintenance arrears, which were put at £37.6m in 1974 prices last year.

Last year's loss was £12.4m, more than 2.3m worse than the previous year. This deficit is covered by Government grants. Turnover of the Board's principal activities was £10.7m, compared with £9.9m in 1976.

Use of the waterways for holidays continues to flourish, with a 6 per cent increase last year in the number of hire boats.

British Waterways Board: Annual Report. SO £1.50.

Cost of road deaths rises

THE OFFICIAL average cost of a fatal road accident in Britain last year was £64,600, Transport Under-Secretary Mr. John Horam said yesterday in a Commons written reply.

He told MPs the estimation of the average cost of a fatal road accident rose by £8,700 following the recommendations of the Leith Committee report concerning the valuation of accidents.

The total estimated cost of all road accidents in Great Britain last year amounted to £1,290m—an increase of £120m following the recommendations.

Singer will announce scheme for Clydebank plant today

BY CHRISTOPHER DUNN

SENIOR OFFICIALS from Singer, the U.S. multinational today, will disclose new plans for the company's sewing machine plant at Clydebank, near Glasgow, to the 4,800 workers.

The plans, drawn up in the past six months as part of a worldwide review of Singer's future manufacturing needs, were discussed yesterday with Mr. Bruce Millan, Secretary of State for Scotland.

Singer's careful approach reflects the historic importance of Clydebank to the company. Established in 1884, the factory accounts for about a fifth, by volume, of the company's world sewing machine sales.

About four fifths of production from Clydebank, which is highly integrated, are exported and the U.S. is an important market.

The company's delicacy also stems in part from the uproar that followed its move in November to cut the workforce by roughly a fifth, or 1,000 jobs.

The unions, led by Mr. John McFadyen, works convener of the Amalgamated Union of Engineering Workers, threatened to strike.

They accused Singer of starving Clydebank of capital. The factory has been making losses for some time and no recovery is in sight.

The precise nature of the plan is not yet clear. But they are bound to reflect Singer's special difficulties in the past few years as it has tried to reorganise itself.

At the same time, the company has come under severe pressure in its traditional markets from the Japanese.

About 15 years ago Singer tried unsuccessfully to overcome its dependance on a single ageing product, the sewing machine, by buying its way out of trouble. It succeeded only in acquiring some dubious companies and building a mountain of debts.

After the appointment of a new chief executive, Mr. Joe Flavin, a three-legged divisional structure has been devised, taking in sewing machines, consumer products, and government work in, for example, aerospace.

Subsidiaries that fail to fit in with the plan have been sold to reduce borrowings. The plan has been so successful that Singer is planning a more aggressive trading approach.

The company's sewing machine strategy has been complicated by the threat from the Japanese. Four concerns, Brother Industries, Janome, Ryccar and Tokyo Juki, reached a dominant position in the Japanese domestic market about 10 years ago, then moved into exports.

Out of a world market estimated to be worth about Y100bn, the Japanese may control as much as half, according to the London-based Nomura Research Institute, part of Nomura Securities, the Japanese bank.

Singer's reaction to the invasion has been to divide the world into two sections for sewing machines: developing and mature.

It intends to sell high-volume, low-technology machines to areas such as Latin America, Africa and Asia.

In mature markets, such as the U.S., Japan, Europe, and Canada, it is selling electronic sewing machines, trying to capitalise on its technological lead over the Japanese.

"Without a doubt, electronics is the key to the future of sewing" Mr. Ed Keehn, head of Singer's European sewing machine side, said in this year's annual report.

New models have been introduced, supported by a big marketing campaign, and the strategy seems to be paying off. Sales in the U.S. of electronic machines rose last year by half. A marketing drive for Europe is planned this year.

How Clydebank fits into that broad strategy will become clearer after today. But it seems unlikely, in the short term at least, that Singer will convert Clydebank to manufacturing electronic sewing machines, in spite of pressure from the workers.

Mr. Keehn said this week that Singer was not yet producing electronic machines for a large enough market to justify such a switch.

But Singer is also determined to emphasise its continuing commitment to Clydebank. It clearly wants to pull the Scottish factory far more closely into the diversified group.

NEWS ANALYSIS

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CONSTRUCTION INDUSTRY

Report fuels resistance to nationalisation

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

YESTERDAY'S attempt to spell out the cost and repercussions of the Labour Party proposals for reorganisation and public ownership within the construction industry provides the most powerful ammunition yet for the anti-nationalisation lobby.

The independent report from The Economist Intelligence Unit substantially undermines many arguments put forward in what has become known in the industry as The Little Brown Book and which represents the party's predominantly Left-wing inspired policy on construction.

The critical dismissal of many of the policy document's arguments and conclusions inevitably will be used unsparingly in a campaign to thwart what construction industry leaders see as a deliberately low-key attempt to spread state control into another important sector of the economy.

The document, officially entitled Building Britain's Future, was overwhelmingly endorsed by the Labour Party's annual conference last October and although ministers have gone to great lengths to detail the difference between party and government policy and to emphasise that one does not necessarily follow the other, the construction industry has decided to take no chances.

It is aware that within the next few weeks the final format of the party's election manifesto will be drawn up and that there will be considerable pressure for the construction sector proposals to be included.

The Campaign Against Building Industry Nationalisation believes it has only a short time to alert everyone to "the doctrinal and astronomically expensive threat" posed by the public-ownership plans.

The proposals are based on the belief that, apart from the short-term difficulties of low workloads, which, the party accepts, have been caused in part by excessive cuts in public expenditure, the construction sector is damagingly fragmented, unstable, inefficient and an insecure employer.

Labour MPs have gone as far as to describe conditions within the industry as tantamount to anarchy and claim its problems are reflected in inflated costs, long delays to projects and great public dissatisfaction with the quality of work.

According to the authors of the document, who include Mr. Eric Heffer and Mr. Anthony Wedgwood Benn, the answer must lie in at least a degree of public ownership for an industry that directly or indirectly employs nearly 2m people and which contributes nearly an eighth of the UK's Gross Domestic Product.

Plans include the creation or expansion of several central institutions, including a national construction corporation, "based initially on the acquisition of one or more major contractors"; a building materials corporation to embrace several prominent materials producers; and a public procurement agency to co-ordinate letting of public-sector construction contracts.

In addition, the proposals call for a stronger network of local-authority direct-labour operations.

The party document emphasises the belief that, although there are more than 80,000 individual contracting companies there is much less genuine competition for work than might appear.

The industry, it says, is divided into specialist sectors, within which companies compete and in which there is room for public enterprise to challenge "private monopoly power."

Assurances from supporters of the document that nationalisation was not regarded with the same importance as plans for a public procurement agency or for a decasualisation scheme and that part state-ownership was all anyone had in mind have not served to placate the industry.

The campaign, representing the combined and not uninfluential might of the National Federation of Building Trades Employers and the Federation of Civil Engineering Employers, dismisses accusations that it has taken extreme measures to counter the Labour Party plans.

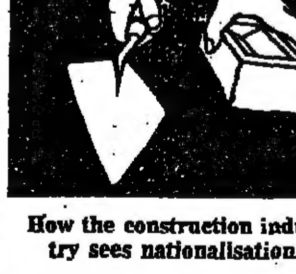
It says no effort or expense should be spared in "waking up Britain" to the dangers contained within the Little Brown Book.

The campaign leaders have been disturbed by the results of a survey conducted on its behalf that showed that only 13 per cent of the general public know anything about the Labour Party's intentions but that 85 per cent oppose nationalisation of construction.

Their answer to what they see as an appalling case of public apathy is a national campaign combining give-away balloons with serious tracts on the insidious threat to free enterprise contained within the proposals.

Campaign leaders yesterday were anxious to emphasise that the contents of The Economist Intelligence Unit report represented an independent assessment of the proposals, although they were clearly delighted that the findings provided the indictment they had been seeking.

Apart from producing a large



How the construction industry sees nationalisation.

bill for the proposals, the report attacks vital elements of the policy document, questioning the value of decasualisation plans, suggesting that a public procurement agency would not stabilise workloads and saying the elimination of competitive tendering in an attempt to cut wasteful practices would ultimately be even more costly.

For good measure, it also challenges Labour Party claims on such matters as the industry's productivity and its record on costs, training and safety.

In the words of Sir Maurice Laing, chairman of the campaign, who has said he will resign from the company that carries his name if the proposals go through: "The proposals should be withdrawn so that a major re-assessment can be made by the Labour Party of the recommendations of its national executive committee."

It may take some convincing before Mr. Heffer and his colleagues accept that particular piece of advice.

Hirsch high prices reflected

SALEROOM

BY ANTONY THORNCROFT

UNEXPECTEDLY high prices at Sotheby's von Hirsch sale this week seem to have infected buyers in the other auctions.

Immediately after selling all the 27 von Hirsch Old Masters for more than £1.5m yesterday, Sotheby's disposed of eight more Old Master paintings mainly Italian of the 14th-16th centuries, for £181,500. One was bought in.

Francis, the London dealer, gave £36,000—well above estimate—for a *Madonna and Child Enthroned* by Paolo Veneziano, while another *Madonna*, by the Master of the Orcagnesque Misericordia, realised £28,000.

Hewett bought a *Madonna and Child with Saints*, by Andrea di Niccolo for £26,000 while a Dutch dealer paid the same sum for a *Madonna and Christ with Angels* by Sano de Pietro.

The afternoon session of Old Master drawings totalled £219,020.

Cailleux, a French dealer, paid £24,000 for two drawings by Watteau on a single sheet, and an American private collector, £12,000 for a Tiepolo pen and ink of Christ healing the man with palsy.

Kornfeld invested £10,500 in a view of the *Church of the Frari, Venice,* by Luca Carlevariis.

At Sotheby's Belgravia Continental furniture realised £235,120. A set of three Louis XV bronze urns and covers of around 1865 sold for £11,000 and a pair of bronze centaurs by J. de Luca fetched £10,500 to Spyer.

A large ormolu hunting table centrepiece of around 1860 sold for £7,500.

Four Charles II candlesticks on plain square bases, just short of six inches in height, realised £19,000 yesterday in Christie's sale of English and foreign silver.

A 10 per cent premium is paid on all lots. The candlesticks carried the arms of Seymour and Popham.

Dated 1674, and with the makers mark RB with crescent and pellets below, they were bought by How of Edinburgh, the London dealer. The sale made £186,710.

Other high price lots included a George IV table service, the shaped stems chased with shells and scales by Paul Storr, 1820, and additional pieces by G. Adams or G. Agnell of 1847. It was bought by Bloomstein, the London dealer.

How paid £7,500 for a Queen Anne plain circular basin by David Willaume, 1704 and Jessop, another London dealer, £7,000 for a George II epergne on four shell and scroll feet by Edward Wakelin, 1751.

Warning over steel prices

BY ROY HODSON

A WARNING that the international steel stockholding industry could collapse if the pricing scheme was not agreed and adhered to was made yesterday by Mr. H. E. Samson, a leading British stockholder.

He was speaking to delegates at the international steel stockholders' association, which is holding its annual assembly in London.

The steel stockholding industry had problems. Too much steel was chasing too few orders resulting in falling volume and much reduced trading margins. Costs were rising and some stockholders were finding profits reduced to nothing. Others were making losses.

"In the last few months we have heard a lot about the Davignon plan [the EEC plan for stabilising steel trading]. It is vital that a pricing scheme is found and adhered to otherwise the end will be disaster for the industry."

Steel service centres everywhere should co-operate with each other and with the mills to have an orderly pricing system so that all could return to reasonable profit in the coming year.

Profits were vital to enable holders to re-build stocks and make necessary machinery replacements. "If we do not, the house will collapse."

CBI says hours cut would reduce jobs

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE CONFEDERATION of British Industry estimated last night that a reduction in the standard working week from 40 hours to 38 would cut employment across the country by 100,000.

That view, which contradicts trade union claims that a shorter working week would create jobs, was issued after industrialists attending the confederaton's monthly council meeting had given warnings about the impact that a cut in hours would have on costs and international competitiveness.

They added that the confederation would recommend its members to reject trade union claims for shorter working hours if any Government White Paper on the next phase of pay policy supports such an idea.

Leading industrialists discussed the matter with Mr. Denis Healey, Chancellor of the Exchequer, on Tuesday. They believe they have his support for their views, but realise he may be deflected into a trade-off with union leaders on the issue during talks on pay rules for the next round.

"Our membership feels so strongly that if any White Paper did mention a drop in hours, we might well have to dissociate ourselves from it," Mr. John Greenborough, president of the confederation, said last night. That would mean the confederation's recommending that its members resist hours claims and might so sour the atmosphere that it would become much more difficult for other parts of any Government pay proposals to be adopted in individual negotiations.

Industrialists are primarily worried about the implications of a cut in hours for unit costs and industrial competitiveness. The Department of Employment has estimated that a cut from 40 hours to 38 across industry would add 3 per cent to labour costs. The confederation estimates that in the engineering industry it might be 6 per cent for a cut to 38 hours, or 15 per cent if trade union ambitions for a 35-hour week were met.

Industrialists are also sceptical about the prospect of the costs being offset by productivity deals, especially where hours of work are set in national industry-wide, rather than company, negotiations. Nor do they believe that a shorter working week would create more jobs, but estimate that it could cut employment by 100,000

The confederation is also about to start its campaign to persuade the Government to drop its current system of pay sanctions against employers when the current pay round finishes in five weeks.

HOME CONTRACTS

£3m Post Office orders for GEC

GEC TELECOMMUNICATIONS has received digital transmission equipment orders from the Post Office worth £3m. The orders cover 120 Mbit/s trunk line and multiplex equipment, 30-channel junction PCM equipment, telegraph equipment, and data modems.

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HONEYWELL has been awarded a contract, worth more than £2m, to supply a dual processor Level 68/DPs Multics system to provide fully inter-active computing facilities for the Universities of Bristol and Bath. The system for the universities will include two Level 68 processors with 1.5m words of memory, two mass storage processors, a magnetic tape processor, unit record processor and console, three magnetic tape units, card reader and line printer.

★

A contract in excess of £111,000 has been placed with Carter Refrigeration Display (a member of the Carter Thermal Industries Group) by frozen food supplier Alveston Kitchens for two blast freezer tunnels and a 34,000 cubic foot complex of coldrooms.

★

Star Canopus, the diving support vessel owned and operated by Star Offshore Services, has been chartered by Elf Aquitaine Norge A/E to carry out subsea work on the Frigg Field. The vessel will be working for Elf for about 35 days. The main task will be for saturation divers from Northern Divers (a Star subsidiary) to position 29-ton "saddles" on pipelines in the Field.

Gold 'will continue investment role'

BY MICHAEL BLANDEN

GOLD WILL continue to feature prominently as a medium of investment in both private and official portfolios, Consolidated Gold Fields says today in its latest review of the gold market.

The survey concludes that it would be surprising if gold did not continue to benefit from the process of asset diversification which has already been set in motion.

The movement away from the dollar would not be continuous. There would be pauses, periods of consolidation and even times of recovery such as had been seen since March.

"But the overall trend is clear and has been so since the break-down of the Bretton Woods monetary system."

Total supplies of between 1,450 and 1,650 tons of gold might be expected in each of the next several years, matching the experience of the past two years.

With rising production costs and the improbability of discoveries of extensive, low cost ore bodies, "it is reasonable to expect Western world gold output to remain on a plateau of between 950-1,000 tons for the next several years."

Sales from the Soviet bloc were expected to continue at somewhere in the middle of their estimated surplus of 300 to 400 tons. Official sales were forecast at 200 to 250 tons overall for the current year.

Of this, about 184 tons would come from the International Monetary Fund, together with 56 tons from the U.S. auctions.

Sales by Portugal during the first two months of the year added 20 tons, with net sales of 10-20 tons expected from India.

The total would be reduced, however, by "additional discreet purchases by central banks and monetary agencies in countries which enjoy a healthy surplus on their trade account."

Total fabrication requirements would be about 1,400 tons, leaving 50 to 250 tons available for private sector bullion investment. At a price average of $180 an ounce this represented between $300m and $1,500m of new investment worldwide, "modest sums by present day standards of liquidity."

Prices could be driven higher if investment interest were increased by uncertainty arising from financial, economic, political or military crises.

"The key to heightened investor interest over the next several years may well rest with developments in the world monetary system, specifically in relation to the reserve role of the dollar."

UK machine tool to be made in Texas under licence

By David Fishlock, Science Editor

A BRITISH-DESIGNED electronic machine tool, used in the manufacture of microprocessors and claimed to be the most advanced production tool of its kind, is to be manufactured in the U.S. under a licence agreement announced yesterday.

A joint development of Lintott Engineering of Horsham and the Harwell Laboratory of the UK Atomic Energy Authority, the machine mass produces microminiature electronic circuits.

Its technique, known as ion implantation—in which a beam of nuclear particles impregnates wafers of silicon automatically in precise patterns—is expected to be used in the most advanced integrated circuit factories, such as the one the Government plans to finance.

Lintott, which has spent an estimated £500,000 developing the technology from Harwell's original ideas, has negotiated a cross-licensing agreement with the Austin, Texas, company Accelerators.

Accelerators will have exclusive rights to sell, service and manufacture the UK technology in the U.S. and Canada, and Lintott will have reciprocal rights in Europe.

The Industry Department has backed the development with loans of almost £300,000 from its pre-production order scheme to enable Lintott to tool up for production ahead of firm orders.

Rural rate rises 'twice London figure'

By David Churchill

RATE RISES in rural areas this year were twice the size of those in London, according to figures published yesterday by the Association of County Councils.

The Association said that the average domestic rate increase for Londoners was £6.28, while for non-metropolitan areas it was £12.60. In cities other than London the rises averaged £9.36.

The Association is calling on the Government "to stop showing favouritism towards the capital."

Mr. John Grugeon, chairman of the association's local government finance committee, said yesterday that the differences were not caused by high spending in the counties but by the distribution of the rate support grant.

Leyland Vehicles may link with European companies

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

LEYLAND VEHICLES, formerly the group's bus and truck division, is holding talks with European manufacturers about collaboration in components production and possible joint ventures.

The talks centre on areas where European manufacturers can co-operate to make use of common components.

The aim is to keep Leyland in the forefront of new technology. Given investment constraints on the State-owned company, pooling resources is logical.

Leyland pointed out last night that talks were still at the exploratory stage.

They form part of a drive to re-establish the commercial vehicles side of Leyland after several years of decline.

The UK market share has slipped this year by about three points to just over 20 per cent. Five years ago, Leyland claimed market leadership with about 30 per cent.

Talks under way with shop stewards representing the nearly 30,000 workers on how to raise productivity are seen as the first step towards recovery for the company.

Re-vamping the model range and rationalising production are also being examined.

Mr. Michael Edwardes, BL chairman, has warned the company that there is a parallel with car operations and that once market share has been lost, it will be difficult to recover.

Productivity had fallen to an unacceptable level, leaving Leyland vulnerable to overseas competitor, he said.

Leyland Vehicles, like the car company, says that the decline in market performance must be attributed to failure to achieve output targets, not weak demand.

The latest moves give new urgency to a reorganisation of the bus and truck division launched about 18 months ago.

Since the appointment of Mr. Desmond Pitcher as managing director, the company has been divided into smaller units and new investment projects undertaken.

Plastishield big success says United Glass

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE ONE-LITRE Plastishield container, a lightweight glass bottle in a polystyrene sleeve — could be one of the most successful product developments launched by United Glass, says the company.

According to Mr. John Daniels, marketing manager of the company's glass container division: "There has not been any new packaging development in recent years, including the can and the plastic bottle, which has made the same impact in such a short space of time."

The bottle was developed in the U.S. by Owens-Illinois, biggest glass container group in the world and half-owner of United Glass. Distillers Company owns the other 50 per cent.

The polystyrene sleeve offers a larger label area than on any comparable pack and also protects the bottle from damage.

Other advantages claimed for it are that it is pleasant to hold, even when cold, the contents are insulated, keeping cooled liquids chilled longer and, from a bottler's point of view, noise on filling lines is reduced by 90 per cent.

But the cost means that the concept is suitable only for larger containers.

In the last few weeks Pepsi-Cola, One-Cal and Barr's have launched Plastishield packs nationally and Larkspur re-committed itself to the pack after a trial last year.

Mr Daniels said: "The one-litre soft drink size is the biggest and most important sector of the mineral water market and forward orders for bottles mean that this year we will be selling at least ten times as many as last year.

"We are running the Plastishield line at full capacity."

£1m bypass

THE GOVERNMENT has approved a £1m bypass for Little Houghton, Northamptonshire, a village with many buildings listed as being of architectural interest.

Advice on how to obtain finance

BY MICHAEL BLANDEN

A NEW guide to business finance is being sent directly to more than 80,000 small and medium-sized businesses in an attempt to bridge the recently identified gap in information about sources of funds.

The guide was published yesterday jointly by the Bank of England and the City Communications Centre.

It represents the first big venture by the Bank into background guidance for industrial and commercial borrowers and an important step for the centre which was set up as a joint operation in September, 1976.

There has been substantial evidence since the publication in 1971 of the Bolton report on small companies that a main reason for the failure of small companies to gain access to available finance is lack of information about sources.

That has been confirmed by the recent evidence to the Wilson Committee on the financial institutions.

Mr. Gordon Richardson, Governor of the Bank, says in his foreword to the publication that "funds are almost always available for good projects, large or small."

But "owners and managers may often not be aware of the full range of sources of funds nor the best means of access to them."

Money for Business; Bank of England and City Communications Centre; 105 pages; £1.

£5m launch for leisure magazines

Financial Times Reporter

A publishing company specialising in leisure and travel magazines, is to be launched in the UK early next year by an international investment company. About £5m will be invested in the project.

The company, which has not been named, already has publishing interests elsewhere in the world.

Two executives from the Morgan-Grampian publishing group, Mr. Ray Watson, group editorial director and Mr. Stephen Roe, group editor of the Travel Trade Gazette series of newspapers, will take joint charge of the new venture.

Mortgage tax relief stays, says Shore

BY IVOR OWEN, PARLIAMENTARY STAFF

AN ASSURANCE that the Government has no intention of abolishing tax relief on mortgage interest paid by home buyers was given by Mr. Peter Shore, Environment Secretary in the Commons last night when he indicated the housing package likely to be presented in Labour's election campaign.

Among the other contents are proposals for providing more rented accommodation by changes in the landlord and tenant legislation to encourage the letting of flats above shops and of unused parts of owner-occupied houses. Guarantees would be provided to ensure that possession could be regained when required.

Mr. Shore also envisaged a recasting of the local authority housing subsidy system in a way which concentrates resources on areas of high cost and greatest need, while at the same time, limiting increases in council house rents, in any one year, to the increase in average earnings.

The new subsidy set-up, to be introduced under the terms of a major housing Bill, will retain the non-profit rule and give local authorities the right to settle their own rent levels and the extent of any contribution from the rate fund.

The Bill will also confer new legal rights on public sector tenatns, embracing security of tenure and a statutory entitlement enabling them to carry out improvements and apply for the same grants available to other home owners.

Mr. Shore promised to safeguard the interests of people on council waiting lists by requiring local authorities to publish their housing allocation schemes, and in the interests of mobility, looked to the easing, but not the abolition, of residential qualifications.

The statutory rights for public sector tenants would be supported by arrangements which would give local authorities more scope to devote resources to the management and maintenance of council estates.

In more immediate terms, the Environment Secretary stated that he expected the Bill providing financial help for first-time home buyers to receive Royal Assent in the next few weeks. This would enable the two-year saving period to begin in the autumn.

Some 200,000 first-time buyers were expected to qualify each year and they would obtain an interest-free loan of £600 to add to the normal mortgage advance.

Because the loan was interest-free, these buyers would find their mortgage payments reduced by about £4 a month from what they would otherwise have been.

The Government, he said, proposed to take action which would allow authorities to keep their mortgage interest rates in line with those charged by the building societies. Measures would also be taken to strengthen the power of local authorities to provide guaranteers to building societies when they made advances to people on lower incomes or who were buying cheaper, older houses.

Mr. Shore defended the Government's action in persuading the building societies to cut back on the exceptionally high volume of mortgage lending which had been taking place in the period before April of this year. "There is now some evidence that the acceleration of prices is decreasing and I do not believe that we shall get that house-price explosion that many people feared a few months ago."

Even when the recently announced increase took effect, the mortgage rate at 9¾ per cent was still well below the 11 per cent in operation when the Conservatives left office in 1974.

A growing number of building society mortgages had been made available — 786,000 in 1977 and 858,000 in the 12 months ending May, 1978, both record figures.

Mr. Shore claimed that since Labour's return to office in March, 1974, rents in both the private and public sector, mortgage repayments, and house prices had all increased at a substantially lower rate than the cost of living generally, and well below the increase in average earnings.

House prices had risen by an average of 8 per cent a year—32 per cent since 1974 — providing a vivid contrast with the period of office of the last Conservative Government, during which house prices more than doubled.

The Minister contended that the Government had been successful, too, in halting the dangerous land-price boom of the early 1970s. While land prices rose by over 200 per cent in the four years to March, 1974, in the four years to March, 1978, they had fallen by 20 per cent.

For the Opposition, Mr. Michael Heseltine, shadow Environment Secretary, claimed that an average of 40,000 fewer houses a year had been built under the current Labour Government than during the last Conservative administration.

He said the Labour Party had accused the last Conservative Government of being responsible for a fall in house building and promised to reverse it. But far from reversing this so-called fall, the present Government had made it a permanent feature.

"The level of housing support has been cut significantly by this Government in every direction."

The emphasis had been switched away from providing homes for sale — which, he claimed, were wanted by the overwhelming majority of people — in favour of council houses.

Mr. Heseltine said this policy was uneconomic. "The policies we shall pursue for council tenants are incomparbly more generous and realistic than anything this Government has on offer." There could never be an increase in house building until standards of living rose.

Firm action urged over drug-taking in sport

THE GOVERNING bodies in sport should take firm action and deal severely with people caught taking drugs, Mr. Frank McElhone, Scottish Office Under-Secretary, said in the Commons yesterday.

In the wake of the Argentina World Cup drugs affair, the Minister faced a demand from Mr. Dennis Canavan (Lab, Stirlingshire W) for an investigation into the use of drugs in sport.

Mr. McElhone said responsibility for controlling the use of drugs in sport lay with the governing bodies, including the Scottish Football Association. The Scottish Sports Council would continue to advise governing bodies on drug testing procedures.

Mr. Canavan commented that the drugs incident in the Scottish World up squad had brought Scottish football "into even more disrepute than the team's pathetic performance on the field.

"It is up to the SFA and other Scottish authorities to try to rescue Scotland's good name by insisting on the highest standards, including regulations and, if necessary, spot checks," he said.

Mr. McElhone said that the international organisation, FIFA, had asked the Football Association and the SFA to conduct an inquiry into drug taking in football.

"I hope that the governing bodies would take very firm action and make sure that persons caught taking these drugs would be dealt with very severely.

"It is important, not only for the good name of football, but it sets an example to the many young people who idolise these football stars."

Mr. Donald Dewar (Lab, Garscadden) urged the Minister to make sure action was being taken to see that the "Scottish football house" had been put in order. It was not beyond the resources of the SFA to clear their name and establish proper controls quickly.

Mr. McEhone replied: "I hope the testing will take place in the very near future for the good name of football and all other sports."

MP fears hidden takeover of banks

BY RUPERT CORNWELL

AN INFLUENTIAL Tory MP warned last night that Government manipulation of money market interest rates to finance its debt was tantamount to nationalisation of the banks sought by the Labour Left — "but with little or no public awareness or opprobrium."

Urging that the issue be brought into the forthcoming general election campaign, Mr. John Biffen, MP for Oswestry and a leading intellectual on the party's radical Right-wing, pinned the blame for the recent sharp jump in interest rates firmly on the Government's excessive borrowing requirement.

But the victims were again being denounced as the malefactors, he warned, with accusations against banks, insurance companies, unit trusts and pension funds that they had staged an investment "strike" against the Government.

"Consequently, we are now being brainwashed into accepting a high level of Government borrowing as the natural order of affairs and that the institutions should enable the Government to borrow this money without the need for high and fluctuating interest rates."

Mr. Biffen forecast that "orderly marketing of Government debt" would be the Socialist slogan. "The reality, however, will be the establishment of a Government control over private finance to suit the convenience of high-spending politicians."

He acknowledged that there was scant chance of an "omnibus scheme" of old-fashioned nationalisation of the financial institutions, as sought by the Left-wing Tribune Group. But the new trend was leading to the same result, without the public noticing.

The borrowing requirement for the current financial year would be £8.5bn, said Mr. Biffen. "Each year it was becoming increasingly difficult for the Government to borrow on this massive scale without disrupting the whole financial market that embraced Britain's investors and borrowers.

"As a consequence, we now have the unedifying and dubious technique of the Government jerking up interest rates to a peak in the summer after the April Budget so that they can start selling Government stock on the prospects of a falling interest rate market."

Arms exports

BRITAIN exported an estimated total of £80m worth of arms in 1977/78, Dr. John Gilbert, Defence Minister of State, said in a Commons reply.

Sun writer for election post with Callaghan

BY RUPERT CORNWELL, LOBBY STAFF

MR. ROGER CARROLL, political editor of the Sun newspaper for the past five years, has been chosen by Mr. James Callaghan, Prime Minister, as a special adviser during the next General Election campaign.

The news, which caused considerable surprise last night at Westminster, means that the 35-year-old Mr. Carroll, a member of the Labour Party since 1960, will move in alongside the Prime Minister's existing political adviser Mr. Tom McNally.

The appointment clearly has been settled with great speed, since the first approach was only made on Tuesday. It is expected that Mr. Carroll, who has been granted a sabbatical by the Sun for the campaign, will return to the paper afterwards.

No detailed brief on what he will be doing has yet apparently been given. Mr. Carroll said last night that he would be travelling with Mr. Callaghan around the country during the three or four-week campaign. "I expect to be doing some speech writing," he added.

In fact, he may find himself taking over some of the functions of Mr. McNally, who has been long searching for a Labour seat to contest. He is currently standing for the nomination as Labour candidate at Stockport South, where the sitting MP, 76-year-old Mr. Maurice Orbach, is to step down.

Much of the surprise at Mr. Carroll's appointment reflects the fact that the Sun has recently been taking a firmly pro-Tory line. This was referred to with seathing jocularity by Mr. Michael Foot, Labour's deputy leader, at a Press Gallery lunch yesterday.

Mr. Foot also attacked Mr. Airey Neave, shadow Ulster spokesman and close aide of Mrs. Thatcher, who last week explicitly compared Labour with the Nazi party in the '30s. Mr. Neave, he said, ought to bear in mind the Tory record of the 1920s when Mussolini was rising to power in Italy.

Regretting the entry of "professional advertising men" into politics, Mr. Foot remarked that it was best to leave history to the historians, journalism to journalists and politics not to publicity experts but to the politicians themselves.

Peers force Wales Bill change

THE WALES BILL was further savaged in the Lords last night when peers decided by three votes to take away from the proposed Assembly the power to review the local government structure in Wales.

Voting was 82 to 79 on the fourth day of peers' detailed examination of the Bill

Lord Elton (C) said that if "there was to be a review of local government it should be done on a UK scale, not region by region."

The Lord Chancellor Lord Elwyn-Jones, said fears that the Assembly would take over local government were wholly misplaced.

Earlier, peers who expressed concern about the future of the Arts Council following devolution, were told by Lord Donaldson, Arts Minister, that future arrangements would depend on what the Scottish and Welsh Assemblies wanted.

Lord Elton said there were rumours that the Government intended to dismember the Arst Council into three weaker bodies for England, Scotland and Wales.

Lord Donaldson said responsibility for the arts was explicitly to be devolved to Scotland and Wales and it was up to the Assemblies to decide how to deal with it. There could be no truth in the rumours until the Assemblies had decided what they wanted. Whether it was done through the Arts Council or a new body remained to be seen.

During another section of the debate Lord Moris of Borth-y-Gest, said there appeared to be mistrust by Tories of the capabilities of a democratically elected Welsh Assembly with regard to people who did or did not speak the Welsh language.

He was supported by Lord Davies of Leek (Lab), who said Tories had implied that the Welsh, as a nation, were likely to be prejudiced against non-Welsh speaking Welshmen.

The remarks were prompted by a Conservative suggestion—which was not pressed—that the Bill should include a requirement for the Assembly "to act reasonably."

Lord Thomas (C) defended the idea, saying it was a reasonable and businesslike precaution. It did not reflect at all on the fair-mindedness of the Welsh people.

Lord Harmar-Nicholls (C) said it was possible that people who could be extreme and capable of being unfair might gain control of the Welsh Assembly. Then there was a possibility "that the worst might happen."

Lord Lloyd of Kilgerran (L) said there was a fear in Wales and elsewhere that the Assembly might try to thrust the Welsh language on people and thus lead to discrimination against the interests and employment of people on a language basis. But, he added, things must be left to the commonsense of the Assembly.

Cost of sound broadcasting

SOUND BROADCASTING of Parliament is likely to cost £200,000 out of public funds, Mr. William Price, Privy Council Parliamentary Secretary, said in a Commons written reply yesterday.

The provision of future permanent accommodation for broadcasters in the Norman Shaw (South) Building was now estimated to total about £250,000, he added.

MP seeks halt to 'bogus clinical trials'

A BID to abolish "bogus clinical trials" by drug companies was made by Mr. Mike Thomas (Lab, Newcastle E) in the Commons yesterday.

He was given leave to bring in his Prescribed Drugs (Regulation of Promotion) Bill.

Mr. Thomas said the Bill's aim was to put a stop to pseudo-trials by leading pharmaceutical companies involving tens of thousands of people.

These trials, far from being in the interests of research, were a bid to persuade people to go on using the drug after the experimental period, he added.

Mr. Thomas said that a further major clause in the Bill would result in a great saving on National Health Service prescription charges.

There were dozens of drugs that were chemically identical but varying in cost. He wanted doctors to be able to signify to the chemist on a prescription that he should aim to dispense the cheapest possible equivalent to the drug prescribed.

"The formula for rewarding chemists would have to be revised but it would make their jobs much more interesting as they would have to think twice before they took the first available bottle off the shelf," he said.

Cash for films to be published

DETAILS OF amounts distributed by the British Film Fund Agency are to be made public, Mr. Michael Meacher, Trade Under Secretary, announced last night.

In a Commons written answer, Mr. Meacher said he had decided that details of amounts distributed in respect of individual films from September 25 this year would be published at regular intervals. His department would be making an announcement later on the form of publication.

Tories foil plan for Finance Bill sitting

By John Hunt, Parliamentary Correspondent

THE COMMITTEE stage of the Finance Bill is now expected to come to an end next Tuesday, and not this week as the Government planned.

The Government had intended to hold an extra sitting to-day in order to wind up the Standing Committee and get the Bill back onto the floor of the House by the first week of July.

But this idea had to be abandoned when the Tories retaliated by introducing delaying tactics which kept the committee sitting until 3.30 a.m. yesterday amid Labour charges of "filibustering."

Last night business moved at a swifter pace and the committee was rapidly disposing of the remaining clauses on capital transfer tax and miscellaneous items. Next Tuesday's final sitting will consider new clauses put down by the Opposition.

The Conservatives moved an amendment in an attempt to get greater relief from capital transfer tax for small businessmen. But the amendment was defeated by a majority of four (16-12) with Mr. Enoch Powell (UU Down S) and Mr. John Pardoe, Liberal economic spokesman, both voting with the Government.

In the Budget, the Government is increasing the CTT business relief on transfer of controlling shareholdings from 30 per cent to 50 per cent. A new relief, at 20 per cent, is added for the transfer of minority shareholdings and relief for transfer of assets used by a business but owned by the partners of controlling shareholders remains at 30 per cent.

The Tory amendment would have increased all these reliefs to a uniform 50 per cent.

Mr. Joel Barnett, Chief Secretary to the Treasury, maintained that the Government's proposed increases in the reliefs were adequate. They had to keep the right balance between the interest of the taxpayer as a whole and the need to help small businessmen

"What we have done is very generous, particularly in view of the very exaggerated statements made about the effect of capital transfer tax on small businesses," he argued.

From the Opposition front bench Mr. Nigel Lawson, a Tory Treasury spokesman, saw this as further evidence of a split within the Government over the need to help small businessmen. It proved, he said, that the small business reliefs introduced at the behest of Mr. Harold Lever, Chancellor of the Duchy of Lancaster, were considered "intolerable and unnecessary," by Mr. Barnett.

"They are extremely uncongenial to him," he declared. "He does not enter into the spirit of the Chancellor of the Duchy of Lancaster and give a welcome to the clause."

LORDS LENIENT IN TREATMENT OF DEVOLUTION MEASURE

Scotland Bill inches steadily closer to Statute Book

BY RUPERT CORNWELL

LIKE AN ungainly oil tanker inching nearer its appointed berth, the Government's Bill for Scottish devolution is moving inexorably towards the Statute Book. The voyage has taken almost two years and—as such things are wont to be—has often been mightily tedious. But there is now every sign that within a few weeks, this momentous piece of constitutional legislation will have received the Royal Assent; and the Scottish people will have a referendum to add to the general election, local elections and European election they are already set to face within the next 12 months.

However, it will not be the Scots alone who benefit from the exercise (nor merely Labour's electoral prospects north of the Border). Ever since Parliament returned in April from the Easter recess, the House of Lords has been going meticulously through every one of the Bill's 83 clauses and 17 schedules, and, in the process, doing its own reputation no little good.

After the fierce Commons struggle by the Tories and the hard core of Labour anti-devolutionists, and the evident lack of belief in the Bill among most MPs, it might have been expected that the Upper House, with its inbuilt Conservative majority, would joyously tear it to shreds. Not so, however. On Tuesday night, as their Lordships completed the last of 18 days of committee and report proceedings, Government Ministers were privately praising them for their responsible behaviour, and everyone could agree that the Bill, for all the changes forced upon it, was basically the same as when it left the Commons.

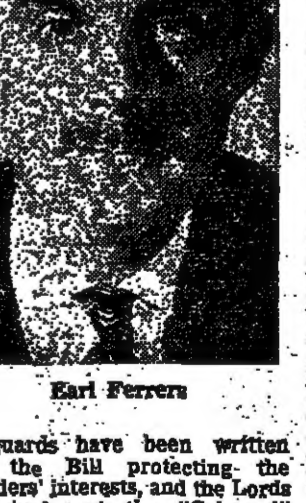
The value of the Lords as a revising chamber is apparent even from the bald statistics. While the Commons spent 14 days and 89 hours during its committee stage on devolution, the Lords devoted 93 hours over 13 days. More to the point, while MPs failed to discuss three-quarters of the Bill's clauses, as a result of the guillotine required to prevent the legislation being filibustered to death by its opponents, the Lords looked at them all.

Repeatedly in the Commons, anti-devolutionists tended to make every item of scrutiny an occasion for a lengthy tirade against the principle of devolution. In the Lords, where no provision for a timetable motion exists, speeches were mostly short and succinct, and, frequently, highly expert. In the Lower House matters at one stage descended to a squabble about whether there were more MPs or journalists present for some of the Bill's more arcane passenges. In "another place," by contrast, attendance on the floor, though not in the Press gallery, was consistently higher—though a cynic would remark that this was because the Lords, for once, had something useful to do.

Next week, the Scotland Bill will have its formal Lord's third reading, cementing the amendments into place, before it returns to the Commons for fresh examination by the start of July. It is taken for granted that once more Mr. Michael Foot will be wheeling out his well-oiled guillotine" to ensure that debate on them is completed in time. The Bill then returns to the peers, who are showing no sign that they are in the mood for a prolonged battle with the Commons. The last thing the Conservatives want is a Lords v People confrontation shortly before a general election.

Neither is there much prospect of a last-ditch revolt among MPs, although the accident-strewn path of an unloved Bill is warning that nothing should be taken for granted. But the atmosphere is now one of resignation, and of a desire to get shot of the whole issue. A whimper, not a bang, is the likely end. The pact may be crumbling, but the Liberals will keep their promise on devolution, while pressure on the Labour Party to toe the line will be stronger than ever with an election in the offing.

It is worth looking at the state of the Bill, after the main changes made by the Lords, and the Government's likely attitude to them. Some things are already clear: the celebrated "40 per cent" provision for the referendum Yes-vote will stay, while the Government has found a compromise to remove the other major defeat inflicted during the Commons committee stage, which allowed the Orkneys and Shetlands to opt out of devolution if they wished, New safeguards have been written into the Bill protecting the islanders' interests, and the Lords duly took out the "Grimond" amendment voted through on an angry Commons night last January.



Earl Ferrers

Of the amendments specifically made by the Upper House, proportional representation is unlikely to survive in the Commons, which has already heavily defeated proposals for various forms of PR. The same goes for the idea of a Speaker's conference to consider a reduction in the number of Scottish MPs at Westminster. Meanwhile, the Government has indicated that it will accept an amendment deleting the right of the Commons to override the Lords in vetoing legislation passed by the new Edinburgh Assembly.

A technicality this might seem. But the original wording was bitterly resented by peers, who saw it as a stealthy Government effort to erode the powers of the Lords by the back door. Other purely judicial amendments made by the Lords are also unlikely to be resisted by Ministers.

However, the Government will have to decide in the next week or so which of the powers meant to be devolved to Edinburgh, but kept under Westminster's jurisdiction by the peers, will be restored. The list is vast, ranging from ancient monuments and migratory trout to more pressing topics like forestry, inland waterways and airports. The betting is that the Government will insist on the reversal of at least the last three named, and probably others as well. Abortion is another area which promises its own special difficulties.

Also a ticklish issue is whether, as the Lords want, the Privy Council, and not the Scottish Secretary, should rule on the validity of Bills passed by Edinburgh but incompatible with EEC legislation. Here, too, the Government is expected to fight back.

The other changes, with one big exception, provoke little more than irritation over what is termed "administrative inconvenience." "Apron-string stuff" is how Lord McCluskey, Solicitor-General for Scotland, who led the Government's team on the Bill, describes them. Predictably, Mr. Francis Pym, the Tory devolution spokesman, sees it differently: "The Government could accept the whole lot and still have their Bill, without needing to blame anyone," he says.

The exception is Earl Ferrer's ingenious try at solving the so-called "West Lothian question"—the anomaly, named after the constituency of Mr. Tam Dalyell, devolution's arch Labour foe, by which Scottish MPs will be able to vote on matters at Westminster affecting England but no longer Scotland. Earl Ferrers, who led for the Tories on the Bill in the Lords, successfully moved an amendment whereby the Commons would have two votes, divided by a 14-day "thinking-over" period, on Bills not dealing with Scotland, but carried by the votes of Scottish MPs.

It might seem cheeky for the unelected to tell the elected how to run their affairs. And so the Government felt arguing, as always, that it was not for the Scotland Bill to settle this point and expressing the pious hope that new Parliamentary conventions would emerge to cover it.

The fact remains, however, that the West Lothian question is the greatest single flaw in the Bill, and one on which the Commons was denied a proper discussion the first time round. Now, despite the guillotine, MPs should have at least the chance to vote on it, as the Conservatives promise to champion the Ferrers suggestion. That, in itself, is one small service rendered by the Lords.

LABOUR NEWS

ACAS in talks on firemen's hours

BY OUR LABOUR STAFF

FIRE Brigades Union and local authority employers' representatives met Advisory, Conciliation and Arbitration Service officials yesterday in a dispute over proposals to introduce a 42-hour week for firemen.

At a meeting with arbitration officials in the morning, firemen's negotiators said they were not prepared to put the matter to formal arbitration, as requested by the employers.

Both sides then discussed the possibility of mediation, under the more general powers of Section Two of the Employment Protection Act which would not involve a formal award by an arbitrator.

The union's executive had further talks with the officials later.

Negotiations between employers and the union foundered last week over the issue of manning changes at local level.

NUJ threat to Press Association

By Our Labour Staff

SERVICES of the Press Association are likely to be disrupted today by a work-to-rule from midnight last night by the agency's 240 members of the National Union of Journalists.

A mandatory meeting of the union's Press Association chapel (office branch) was held yesterday to discuss the management's annual pay offer.

A restricted news service to newspapers, radio and television stations was maintained during the meeting.

The chapel is claiming pay parity with other Fleet Street journalists, who, it claims, are paid an average of about £2,000 more than association staff. The management feels that to increase its pay offer would go beyond the Government's ten per cent wage guidelines.

Information sought on low pay

By Philip Bassett, Labour Staff

COMPANIES should give details in their annual reports of their low wage earners, the Low Pay Unit says in a report published today.

The Government should include an obligation to provide the details in its forthcoming legislation on information companies must publish.

The Unit will ask the Church Commissioners and other major charities to request companies in which they invest to publish information on their low-paid workers.

Mr. Jeff Rooker, Labour MP for Birmingham Perry Barr, is prepared to move amendments to the proposed Government legislation and introduce his own measures on the subject in the Commons.

ASLEF withdraws strike threat

BY NICK GARNETT, LABOUR STAFF

ASLEF, the train drivers' union, yesterday withdrew its threat to hold a three-day national strike following discussions with British Rail officials over a manning and productivity dispute.

The union's executive had agreed the strike following the suspension of drivers since Monday for refusing to take out the new Class 56 freight locomotives without a driver's assistant aboard.

British Rail last night agreed to continue double manning on the locomotives at least until both sides can discuss the report of the Railway Staffs National Tribunal which is due to consider an ASLEF productivity claim on June 30. Management also agreed to pay drivers their basic wages for those days they were suspended.

At the same time, British Rail was given what it believes is a firm commitment from ASLEF to discuss the principle of single manning.

More powerful

British Rail says that except certain long-distance and night work, the class 56 locomotives, 42 of which are in operation, should be manned by one driver and no assistant, as are the class 47 locomotives which the new engines are replacing.

This would fit national agreements on diesel engine manning.

The union says that the class 47 and 56 engines are not comparable and there should be a new manning arrangement for the 56s, largely because they are much more powerful locomotives. It is also seeking productivity payments, to be paid to all footplatemen, for the operation of the 56s.

The union, which has seen its membership shrink over the years to 26,000, is also worried about long-term staffing.

The new locomotives, which will be largely used for coal and iron-ore transportation in the Midlands, can pull such heavy loads that some deliveries normally done by two class 47s could be done by one class 56.

The new engines have been two-manned during talks with the union on manning.

British Rail intends using more than 170 of the new locomotives for freight haulage.

Telephone engineers start action for shorter hours

BY OUR LABOUR EDITOR

THE FIRST mass protests by telephone engineers in a nine-month campaign of industrial action occurred in Scotland yesterday.

The Post office Engineering Union said that 1,000 men walked out at midday in Edinburgh and Dundee when 13 men were sent home, after warnings, for escalating their sanctions.

They were all expected to report for work again this morning, but if the 13 were again sent home, there could be local overtime bans or work-to-rules, a union spokesman said.

Engineers are refusing to operate all new telecommunications equipment or lay cables in pursuit of their demand for a cut in the working week to give them the same hours as other grades.

Their action could disrupt outside TV broadcasts, and has already created the biggest backlog of telephone connections since the early 1970s.

The Post Office said last night that it "greatly regrets the decision of the Post Office Engineering Union to escalate industrial action at a time when its working week dispute with the Post Office is currently under review as a matter of urgency by Lord McCarthy."

Since last autumn, the engineering union had taken action in support of a claim for a 35-hour week without loss of pay.

Moreover, since November, the union had refused to commission new telephone exchanges and extensions to existing exchanges, leaving some 80,000 customers without service.

"The Post Office does not consider that the union's claim is justified. The POEU members current 40-hour week is no greater than that of the vast majority of workers in comparable jobs elsewhere, and for the Post Office — the country's largest employer—to make an unwarranted concession could be potentially repercussive internally and externally.

"Moreover, to meet the claim as it stands would be a clear breach of incomes policy," the company said.

The Post Office had acted throughout the dispute with restraint, but was concerned about the effects of the union's action upon telecommunications services and offered apologies to customers already suffering inconvenience.

Further action taken by the union against customers includes:

- Refusal to provide full communication facilities for the Royal Highland Show and a meeting of the board of Governors of Intelsat in Edinburgh.
- Refusal to do preparatory work for television and sound services for the Open Golf Championship at St. Andrews.
- Refusal to bring into service international circuits in West London, thus cutting direct dialling to Hong Kong.

Both the union and the Post Office are preparing submissions of their cases for Lord McCarthy, called in by the Government to try to promote a settlement. He will hear the two sides on Monday.

Booth reviews dismissal pay with TUC

By Christian Tyler, Labour Editor

THE AMOUNT employers are obliged to pay workers made redundant and the penalties for unfair dismissal may be raised by the end of this year.

Mr. Albert Booth, Employment Secretary saw members of the TUC employment policy and organisation committee yesterday to discuss a review he is making of these payments.

At present, the maximum statutory redundancy payment is £3,000, with an average of £650. Basic compensation for unfair dismissal is £2,400, but extra compensation can amount to £5,200. Both sums are calculated on earnings, but with a limit of £100 a week.

This limit, recently raised from £80 a week, is under review.

The TUC expressed concern about the tendency of industrial tribunals to become too legalistic, expensive and protracted. It is now commonplace for companies to employ solicitors or counsel for tribunal hearings, which were intended to be relatively informal.

Hospital electricians continue work-to-rule

BY PAULINE CLARK, LABOUR STAFF

THE HOSPITAL electricians' national work-to-rule went into its third day yesterday. Renewed negotiations between the Department of Health and Social Security and the Electrical and Plumbing Trades Union (ETPU) failed to result in a settlement.

Further talks between the two sides are expected before the week-end, however, when the union hopes for firmer Government proposals in response to its demand for pay parity with workers in private industry.

The Government has rejected the demand as outside the pay guidelines but the union is believed to be pressing for the bonus payment concessions similar to those given this year to workers in the electrical contracting industry.

Mr. Peter Adams, national officer in the EPTU has accused the Government of failing to honour a 1972 agreement to maintain parity between hospital and private-sector electricians.

He plans to recall a shop stewards' delegate meeting on Monday, when any fresh proposals from the Government will be considered and a decision taken on whether to continue industrial action.

Print unions nearer merger

BY ALAN PIKE, LABOUR CORRESPONDENT

TWO PRINT unions which as recently as 1976 were engaged in recruiting conflict, were yesterday taking an important stage nearer amalgamation.

Delegates to the National Graphical Association conference at Douglas, Isle of Man, unanimously approved draft proposals to bring about a merger with SLADE, the process workers' union.

A ballot on the amalgamation, the first positive step towards creating one union for the printing industry, is likely to take place this autumn.

The conference approved the merger moves after being told by Mr. Joe Wade, NGA general secretary, that economic and technological change would "force unions into mutually destructive conflict" unless they came together.

Under the proposals, the 180,000-strong NGA and 18,000-member SLADE—with the 4,000-strong National Union of Wall Coverings, Decorative and Allied Trades — will ballot on forming a new organisation, possibly to be called the National Graphical Union.

If the ballot is successful, talks will continue on bringing into the new union the National Society of Operative Printers Graphical and Media Personnel.

NATSOPA was involved with the NGA in initial amalgamation discussions but difficulties arose over the provision of financial information.

This is now available, and Mr. Wade said that demarcation problems arising from new technology meant that the new union, or the NGA if the merger did not go ahead, would be faced with the "stark choice of either amalgamation with NATSOPA or becoming involved in conflict with them."

The NGA had been determined not to rush into an amalgamation which was ill-conceived and would fall apart at the first sign of stress or was based on power politics.

"We don't want to come together to have greater strength and unity of purpose in order to fight other unions."

It was a myth to assume that the present reasonably good relationship between the print unions would continue if they did not make quick progress towards amalgamation.

Mr. John Jackson, general secretary of SLADE, was enthusiastically received earlier in the conference when he spoke in favour of the amalgamation.

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● PLASTICS

Regular drip all along the line

USERS OF trickle irrigation pipes in gardens and elsewhere will know that it is impossible to counter the effects of pressure drop as the water travels down an irrigation pipe so that in most cases, the amount of water distributed will decline sharply with distance along the hose.

A Japanese group has found a way to counteract this and claims to be able to provide equal distribution up to lengths of 150 feet and on slopes with gradients up to 6:100.

Sumitomo has developed polyethylene double-wall piping which has an (undescribed) internal structure to maintain the same pressure at each of the outlet holes. It functions with a supply control and pressure control valve, filter, liquid fertiliser tank and optional injector.

By comparison with other systems of water distribution, including overhead sprinklers, Sumitomo claims water economies of between four and ten times with its constant pressure piping, which is laid close to the plants in the root zone. Or it can cover from four to ten times the area with the same pumping power.

A further extremely important claim, particularly for those systems to be installed in arid tropical areas, is that there is much less tendency for salt to contaminate soil surfaces. The stems largely from the fact that the water goes straight where it is needed.

The company's Industrial Chemicals and Fertiliser Division is seeking overseas outlets for the sytem and is located at 7-9 Nihonbashi 2-chome, Chuo-ku Tokyo, Japan.

● COMPUTERS

Mini among the giants

A TOP of the line third generation HP 3000 Series computer system, MPE III, has been created by Hewlett Packard to extend the capabilities of its data-based management and networking facilities.

Now, customers operating with previous HP 3000 models will be able to upgrade their systems to Series III memory capacity with reasonably priced hardware upgrade kits.

The new multiprogramming executive operating system is upward-compatible from versions of MPE running on HP Series I and II systems and includes features commonly found only on large, mainframe systems, such as multi-point terminal interconnections and private-volume disc files.

This operating system, says the company, makes it possible to connect multiple terminals through a single port into the computer—now as many as 32 local terminals, operating synchronously or asynchronously, can be connected via a single hard-wired line to a single input port.

Using HP asynchronous repeaters and the newly available multipoint option on any of the HP multi-point CRT terminals a single input port can accommodate a shielded, twisted-pair multi-point line up to 64,000 feet in length, with terminals as much as 4,000 feet apart, while retaining 9,600-bit-per-second operating speed.

Each removable disc pack now contains its own index and the new operating system provides a set of operator commands, making it possibly quickly to remove and replace any disc pack except the system disc without powering the whole system down and reconfiguring. Thus, any disc pack can now be treated as a private file, reserved for designated usages only, an ability again usually found on large, mainframe systems.

Optional automatic data compression has been added to HP DS/3000 distributed system networking facilities for the transmission of data over communication links. Typically, data compression cuts ASCII data transmitting time by 40 per cent and savings of 80 per cent, says the company, have been observed.

The firm's award-winning data-base management scheme, HP Image/Query software, has been modified so, programs on a local system can access an Image data base at a remote site as if the data base were local; the application program needs no change at all to function with a remote rather than a local data base.

The company's success has been due to its activity in the scientific manufacturing industry and its aim, with the introduction of the new system which it claims is 25 to 30 per cent cheaper than comparable systems is to provide easier-to-use systems "substantially lower in price" than those of its competitors.

More from HP at King Street Lane, Winnersh, Wokingham, Berks.

CTL's big machine

DUAL PROCESSORS give a new machine at the top of Computer Technology's 8000 Series a greatly extended area of application.

Priced in the range under £100,000 to over £250,000, depending on the configuration, the 8070 offers complete hardware and software compatability with other systems in the series. The upgrade from existing 8030 and 8050 disc-based MODUS systems and the 8020 small business system entails no more than changes to hardware and executive software.

All application and system software will transfer without change both up and down the range, protecting existing systems investment.

The symmetric processors share all store and a single multi-tasking operating system. High performance core is spread over three or more multi-ported controllers allowing simultaneous DMA and processor access.

MODUS operating system software concurrently supports multiple languages, transaction and batch processing, spooling and virtual memory, communications and multiple remote and local terminals. Software tasks are dynamically allocated to whichever processor is free and this flexibility assures maximum utilisation of available processor power.

CTL, Eaton Road, Hemel Hempstead. 0442 3272.

● MACHINE TOOLS

Experience shared

THE SWING to the use of micros in numerical control systems for machine tools is accelerating and experience in their use is accumulating very fast.

Machine Tool Industry Research Association experience is that users of the CNC systems are enthusiastic about their virtues and have relatively few problems in using them.

A seminar is to be held by MTIRA in co-operation with the British Numerical Control Society to review progress and report this experience.

Speakers at the one-day event on September 20 will be drawn from the control and machine tool industries and a panel of users will debate the relative merits of the control systems of which they have gained experience.

More on the event, which will be held at MTIRA, from the organisation at Hulley Road, Macclesfield, Cheshire SK10 2NE. 0625 25421.

Prepares work fast

WORK HOLDING, often described as the "poor relation" of the machine tool industry, is catered for with special reference to numerically controlled machining centres by the Halder System 70 available from Eurokontakt.

The aim has been to develop a series of standard fixtures based on a slot-together system which allows quite complex jigs to be put together or reconfigured simply and quickly. There are seven basic groups of units and special attention has been paid in the development of the slot locking system to rigidity and reliability of the assembly.

In addition to traditional mechanical and hydraulic clamps, there also are quick-acting devices actuated by screw spindles and spiral clamps.

The manufacturer claims reductions in setting up times to, at the worst, one-twentieth of those needed to provide a dedicated appliance.

Further details of the Halder system from Eurokontakt, The Colonnade, High Street, Maidenhead, Berks SL6 1628 70718.

Electronic control of limits

MACHINE TOOLS and injection moulders commonly use multiple limit switches in conjunction with trip rails and switch dogs to provide distance-determined switching functions.

But if workpieces have to be changed frequently, such arrangements for switching will soon reach efficiency limits because of the need to reset switch points for practically every new job.

To help solve this problem, and also those connected with restricted fitting space, Euchner has brought out its Type PS potentiometric distance measuring equipment. With the position of a slider made proportional to distance, a linear potentiometer is arranged to provide an actual value transducer on the machine. A transducer for the set point in the form of plug-in modules goes on the control desk and takes the form of an adjustable potentiometer for each switching point.

Actual and set values are compared electronically to control a relay which has output contacts for user circuits.

This means switching points can be altered at the control panel without risk of accidents even while the machine tool is running.

The number of switching points can be altered at will and the equipment is extremely flexible in application.

More from Cole Electronics, Machinery Division, 3b Church Road, Croydon CRO 1SG. 01-686 7581.

● MATERIALS

Home grown synthetic lawn

IT HAS taken six years of combined expertise from ICI, British Ropes and Crossley Carpets to produce the first 100 per cent all-British artificial grass surface, called TufTurf.

Primarily developed for football pitches (and particularly for areas where grass is at a premium—the Middle East and Central America) the quasi lawn is also suggested for tennis, basketball, cricket, golf tees and subsidiary kick-about areas at existing football pitches.

The turf can be laid on patios, pool-sides, roof gardens and putting greens—maintenance is merely a quick vacuum clean or a hose down.

Because it is made of ICI's top grade, ultra violet stabilised polypropylene there is no danger of "burns" and its moisture-resistant quality does not absorb dirt ensuing from moisture, thus stains and grubbiness are only superficial and quickly removed to restore the grass to its original lush shade.

Polypropylene does not support a flame and should the turf come into contact with a high heat source it will melt rather than burn.

With the start of the Wimbledon season, the company is to carry out testing the new surface with international tennis players this summer in order to arrive at what it hopes will be the perfect substitute lawn in terms of exact depth of turf, etc.

The company says that several UK soccer clubs and sporting authorities have ordered the turf which has been approved by FIFA and endorsed by the Sporting Council for football pitches leading up to World Cup Series.

Further from the company at 28, Thayer Street, London, W1M 6EP (01-340 1567).

Licence to insulate pipelines

McGILL Insulation Group, has licensed Precision Polyurethane Mouldings, Blythe, to use its patented Polypayre thermal insulation system for underground and submarine pipelines.

Polypayre is a rugged and vapor-proof polyethylene sleeve containing rigid polyurethane foam insulation suitable for a temperature range of minus 195 to 95 degrees Centigrade. The licence agreement includes the provision of technical assistance.

McGill is at London Road, Hadleigh, Essex SS7 2DT. 0702 553166.

Glazing is made more efficient

ONE OF the problems facing double glazing engineers is that the epoxy-polysulphide sealing agent has to do so many different jobs and to obtain optimum performance it is essential for the two component parts of the resin to be mixed exactly in the right proportions.

A range of specialist equipment, called the Liquid Control Twinflow unit, is said to ensure that the resin is mixed homogeneously in exactly the right proportions. Two patented Posiload pumps at the heart of the unit dispense an exact metered quantity of each component and feeds it to a mixing head from which it is dispensed into the double glazing frame and allowed to cure.

Further from Liquid Control, 25 Harcourt Street, Kettering, Northants (0536 81491).

Cladding has many uses

A BOARD made of super-compressed rockfibre can be used for fire protection, thermal insulation, sound reduction, etc., on ceilings, walls, structural steelwork, roofs, composite panels and door cores, says the maker, Yuill Technical Products, Cecil House, Loyalty Road, Hartlepool, Cleveland (0429 71216).

This asbestos-free lightweight cladding, called Alphire, is 2.5 by 1.194 metres, is natural beige throughout with one smooth face and is manufactured in 14mm, 16mm, 17mm, and 20mm thicknesses to a tolerance of ±0.8mm. Alphire 'D' is the same material but is manufactured to a controlled thickness of 15mm with both sides smooth and is coloured off-white.

Said to be so easy to use that it does not require specialist labour, the board can be cut into very intricate shapes with simple hand tools and can be fixed with screws, nails or adhesives.

● ELECTRONICS

Recorder for tough work

DURING evaluation of the Saab 37 Viggen, one of the highest performance aircraft so far built for military purposes, Saab-Scania had difficulties in finding a precision tape recorder rugged enough to stand up to the high G forces and vibration encountered in test flying.

The company's own electronic engineers set to and built a recorder to fit the book. It is a machine which records PCM data in bi-phase serial form on ¼-inch tape cartridge, using four tracks sequentially.

It has a powerful servo motor with an optical high resolution tachometer on the same shaft to provide very low flutter for the cassette drive and the machine has high packing density. The tape speed is factory set at 1⅞ or 3¾ in per second or any speed in between.

Though the unit is designed for military aircraft, it is eminently suitable for application to any industrial situation where conditions are particularly severe.

More information from Saab-Scania, S-581 88 Linkoping, Sweden.

Instruments protected

AIMED mainly at the process industries but likely to find wider application elsewhere is a series of instrument housings that protect instruments against extremes of temperature and physical damage.

Unheated internally, or heated by steam or thermostatically controlled electrical elements, the housings are available for virtually every type, shape and size of pressure transmitter, recorder or pressure gauge. Many accessories are offered including doors, instrument brackets and windows, and there is a model which allows for the mounting of instruments and enclosures in any position.

Made by O'Brien Corporation in the U.S., the housings are available in the UK from Armca Specialties, 102 Beehive Lane, Ilford, Essex 1G4 5EQ (01-551 0037).

Display is easy to see

REMINISCENT of the "magic eye" tuning devices in radios of two or three decades ago is a series of alpha-numeric displays made by ISE Corporation in the U.S. and available in this country from Norbain of Reading.

Each unit contains cathode, grid and anode; the latter is arranged in seven addressable segments and the cathode, when heated by passing current through it, emits electrons which strike the anode to give a distinctive blue-green fluorescence.

The display operates with a cathode voltage of five volts and grid and anode voltages between 12 and 45 volts. Each character takes about one milliamp.

Available in seven segment, 16 segment, 5 x 7 dot matrix and bar chart formats, the displays consume half the power of and equivalent LED unit, according to the company. Multiplexing is possible, and drivers are available which are TTL and CMOS compatible. A mean time between failures of 100,000 hours is claimed.

More on 0734 864411.

● PERIPHERALS

Fast print at low cost

WITH ITS operational rate of 3,000 lines a minute, an impact printer offered by Documation is said by the developer to be some 50 per cent faster than anything comparable on the market.

"Impact 3000" uses a 48 character set and attains this very high speed because of two improvements in design. One is the use of a microprocessor solely to control the printer and the other is the introduction of a tough alloy only half the weight of steel in the type hammers. This brings hammer contact with the revolving steel band of the printer to only 17 millionths of a second. At the same time, integration of the controller with the printer reduces floor space requirements considerably.

The printer operator is able to change character sets and fount styles in under two minutes. A vertical forms control buffer permits very high skip speeds, which is particularly valuable when printing forms with only a few lines of data spaced down the form. Multi-part forms with up to six parts can be handled and a power stacker, also micro controlled controls folding and stacking of the paper running through the machine, allowing for a considerable amount of skew.

Documation asserts that the equipment provides high-speed performance for users with a major print demand—who may be considering the use of fast laser printers—at one-third the cost of such printers.

Documation is a subsidiary of the manufacturer, Documation Inc. of Florida, and operates from Mill Mead, Staines, Middx. TW18 4UQ. 0784 61124.

Lockheed under new management flies into fairer weather

BY STEWART FLEMING

AFTER A decade during which fate seems to have spent most of the time mocking Lockheed Aircraft Corporation, there are signs that the company's long ordeal may be ending in the wake of a far-reaching shake up of the board and top management.

That decade began for the nation's biggest defence contractor with write-offs of $200m in 1969 on its C-5A "Galaxy" military transport, continued in 1973 when the U.S. Congress had to rescue the company from the brink of bankruptcy with a $250m loan guarantee, and culminated in the international bribery scandal which revealed Lockheed executives distributing $30m of largesse around the world including Europe and Japan, in search of orders.

At times it seemed that the interaction of these disasters would overwhelm the company and they surely would have done, but for its importance to the U.S. defence effort. It gave the U.S. Government a reason for helping Lockheed and gave Lockheed a base of profitable business.

Now, however, there is a growing optimism at the company's headquarters in Burbank, California, an optimism apparently shared by the stock market. The company's shares are currently trading around $23 after reaching a low of $14½ this year.

Lockheed clearly feels that it is close to putting the past behind it, that the reforms that have been put into effect (especially the change in Board structure), will ensure that the company is a good corporate citizen and not a black sheep, and that the threat of new financial disasters has receded.

On the other hand judging from Lockheed's own profits breakdown large sectors of the company's business, including missiles, space, electronics and shipbuilding, are not particularly profitable. In addition it seems likely that in order to improve profitability the company will have to start raising its capital investment expenditures, which have been tightly controlled during the crisis years.

Mr. Roy Andersen, who took over as chairman and chief executive a year ago after having been senior vice-president for finance since 1971, freely admits that part of the optimism stems from a recent decision by Pan American World Airways to order 12 new long range L1011 TriStar wide bodied commercial jets (and to take options on 14 more).

The order was won in competition with Boeing and Mr. Anderson describes it as a godsend.

He also pays tribute to the financing package which has been put together to support the sale of the planes and their British made Rolls-Royce engines. Boeing is less than enthusiastic about that part of the deal. There are signs of increasing agitation in the U.S. aerospace industry about export financing, and Mr. Michael Blumenthal, the Secretary of the Treasury, explicitly criticised the Rolls-Royce-Lockheed deal at the OECD last week.

The sale of the TriStars to Pan Am means that Lockheed now has firm orders for 36 of the aircraft. More important, it enables the company to launch the long range version of the aircraft, the Dash-500, which gives it another vantage point from which to boost sales in the future.

It was, of course, the TriStar which came close to tipping Lockheed into bankruptcy in the wake of the collapse of Rolls-Royce—which makes the engines—in 1971.

Because of the crucial role which the Tri-Star programme played in Lockheed's finances through the decade, it has been easy to forget tha tthe jet represents only a relatively small part of Lockheed's overall business.

Last year for example Lockheed reported sales revenues of $3.4bn, only $349m of which were accounted for by the TriStar jet. On these sales of TriStar's the company suffered an operating loss (including write-offs of $50m of development costs which will continue annually until 1985) of $120m.

On the sales revenues of $3bn from its other lines of business, Lockheed earned pre-interest profits of $273m. After interest and taxes, net income was a whisper under $50m.

In spite of a dismal first quarter, reflecting a strike at the company, analysts are looking for a similar earnings figure this year.

The company's debt position is also improving steadily. Total debt, which reached a peak of $910m (against net worth of $27m) during 1974, is now down to $470m.

It is still too high. Net worth is now $220m which is why the company is putting a high priority on trying to get the equity up, perhaps to equal debt, some time in 1980. In the interim, Lockheed's shareholders cannot expect any dividends.

As Lockheed's directors look to the 1980s, they can see at least three underlying reasons for believing that the corner has been turned. They are optimistic that no more skeletons will come ratling out of the cupboard which closeted the corporate bribery scandal during the rule of the former chairman, Mr. Daniel Haughton. They are seeing signs of improving orders in key programes outside the commercial jet market. And they can hope to share in the predicted upsurge of orders for commercial jets through the 1980s, orders which the aerospace industry is forecasting could total $76bn at current prices.

So far as the corporate bribery scandals are concerned, the optimistic view is that all that is left to trouble Lockheed are an internal revenue service fraud investigation relating to tax issues surrounding the payments, and a Justice Department inquiry which, on the evidence of similar investigations at other U.S. corporations, could result in federal currency or mail fraud charges. Again on the evidence elsewhere, neither of these two threats should cause corporate traumas.

Behind these optimistic assessments lies the asumption that the company will not be forced by the Securities and Exchange Commission to name recipients of questionable payments. For over a year now it has appeared that the SEC will not press Lockheed for such disclosure.

The company must also hope that there will be no further damaging revelations emanating from abroad where some trials relating to the Lockheed scandal are still going on.

The company has taken steps to learn from its past mistakes. Thus in line with recent thinking on how giant companies ought to be managed to promote corporate responsibility, it has restructured its Board to bring in a solid majority of non-executive directors from other leading companies including, for example, this year Mr. John Swearingen, chairman of the Board of Standard Oil (Indiana).

It has also appointed a majority of outside directors to Board committees—in some cases such committees are staffed entirely by non-executive directors. Mr. Anderson draws particular attention to the appointment of a Public Issues Committee of the Board that has been set up clearly in response to its former myopia on questions of corporate responsibility.

Mr. Anderson argues that these changes, coupled with what observers describe as a less autocratic management style than under Mr. Haughton, will help the company to "develop people better" and make it less bureaucratic.

He clearly thinks these changes are basic to Lockheed's future. But equally important are the signs that the threat to the company from the TriStar jet programme is rapidly receding.

That is not to say that the TriStar is going to be a profit-maker in anything other than an accounting sense. Mr. Anderson is quite candid that Lockheed "will never recover written-off past costs" on the wide-bodied jet. These currently total $1bn and will add up to $1.5bn by 1985 when the current $50m-a-year write-off programme is completed.

On the other hand, these write-offs do not represent a cash drain. Moreover, with recent orders there are now hopes that production of TriStars can be maintained at a rate of 18 a year, at which level production stand-by charges of $38m last year will also be eliminated.

This year and into 1979, such a rate is likely to be achieved (the current rate is between 18 and 20), and with further orders the level could be maintained.

It is on these grounds that some analysts are forecasting a profits breakout for the TriStar programme in the early 1980s. Chairman Roy Anderson is also prepared to say that the company can "think in terms of profits" for the TriStar.

The company rules out any possibility of the production line closing down, but Mr. Vincent Marafino, senior vice president-finance, says that the company has enough equity and tax credits to survive even such a crisis.

The Pan Am order has clearly been critical in these assessments, since it has meant that Lockheed can hope that for an investment of perhaps as little as $50m, it can widen the market for the TriStar through producing the long-range Dash 500 version.

For a further comparatively small investment—perhaps as little as $100m—it will also be able to launch a 400 version which would take it into the smaller widebodied jet market, albeit at the top end of the 180-220-seat market, which is where the industry believes the biggest market for the smaller wide-bodied jets now being designed exists.

As Lockheed's management gains confidence that the lingering threat of disaster which the TriStar programme represented through the first half of the 1970s is evaporating, it will be able to develop other activities with greater confidence.

In terms of sales volumes, the company has been standing still since 1974 and was constrained from bidding even on some military contracts by its desperate financial plight. On the other hand it has maintained its own research and development spending—in money terms at least—at around $50m, and has kept up a heavy research and development programme on customer contracts—a term which no doubt includes military contracts.

Thus its 10K report to the SEC says that during 1977 and 1976 the company performed approximately $828m and $748m of research and development work under customer contracts.

It is the company's strong technological base in areas like missile development, space satellites and military surveillance aircraft which have enabled it to continue winning major military contracts such as the $3bn order for the development of the Trident missile system, to secure in return for its technical expertise a stake in a partnership with Exxon and Shell in a major undersea mining corporation, or the contract for the space telescope module.

The company also has large orders for developing air traffic control systems in a number of countries including Saudi Arabia.

It is projects such as these which are becoming more important to Lockheed as the TriStar threat diminishes. But it is fair to say that at this stage the company is still convalescing. Early in the 1980s, assuming progress continues, its management will be faced with major strategic questions of charting the path into the future. Should it, for example, invest the $500m or more needed to launch a two-engined version of the TriStar? If not, which markets should it aim at?

But now at least there are fewer doubts about the company's future. Some analysts argue that it is beginning to look like a potential takeover target.

BREAKDOWN OF LOCKHEED PROFITS

(m $)

	1973	1974	1975	1976	1977
Sales	2,757	3,279	3,387	3,203	3,373
Programme Profits	82	127	147	135	153
Pre-tax Profit	20	35	90	94	115
Net income	18	23	45	38	49
Earnings per share Fully Diluted	1.60	2.04	3.86	3.10	3.71

Source: Lockheed

The Marketing Scene

EDITED BY MICHAEL THOMPSON-NOEL

Posters: sold out and sitting pretty

BY NICHOLAS FAITH

THE BRITISH poster industry has now recovered from the nervous breakdown which afflicted it throughout the first half of the 1970s—but it has yet to face up to the problems created by the extent of its own recovery. The conference it held recently in Bordeaux displayed its confidence—if only in allowing some of London's tougher creative talents to express their opinions of the business. Indeed, the biggest single criticism made of the industry, the sheer shortage of sites, especially for the bigger posters—increasingly favoured by creative directors, simultaneously underlined the extent of the poster recovery and provided a foretaste of the problems to come.

For their own sakes, the whole of the advertising world, agencies and clients alike, should become involved since the poster industry is fighting for the right of advertising to be recognised as a benefit to the community and not merely as a more-or-less necessary evil.

Nevertheless, it is still remarkable that the poster industry should have recovered so thoroughly and so quickly from an unprecedentedly traumatic interlude. For the five years after John Bentley seized control of one of the two major units in the industry it was in a state of multiple turmoil. Bentley and his colleagues shook up what had previously been a rather cosy and uncompetitive world, forcing it to realise the value of the sites it had been sitting on for half a century or more, streamlining their own interests and thus allowing room for predatory newcomers, and, by attempting to impose a monopoly structure on the industry, forcing it to come to terms with commercial reality. The climax to the agony came a few years ago at a conference in Madrid when client after client, egged on by some of the new entrants, attacked the industry for the disgraceful state of so many of its sites.

At Bordeaux the industry was more aggressive. The head of the Poster Audit Bureau, set up after Madrid to monitor poster sites, defended his work in so aggressive and convincing a fashion that it would take a brave advertiser to complain in future. But the aggression concealed a certain smugness and the smugness has bred a restlessness among clients which, in the end, they themselves will have to help overcome.

PEEP SHOW at Elephant and Castle. This saucy lady, chicken leg and all, is part of a £400,000 poster and print campaign Reckitt and Colman is running for Colman's English Mustard via J. Walter Thompson, writes Michael Thomson-Noel. Will she pass muster at the Advertising Standards Authority? Most probably, though we shall have to wait and see. Complaints have just started to arrive at the ASA, though as the Authority has not yet had time to inform the agency or client, it doesn't feel able to comment. This particular poster was not cleared in advance with the ASA, although advice has been sought on a follow-up poster.

As it happens, the Colman's lady coincides with an ASA *editorial on the use of women* in advertisements that accompanies its latest case report. The ASA says it gets a steady stream of complaints about the way women are portrayed in ads, ranging from complaints from sincere advocates of unfettered womanhood who wax indignant about any ad that doesn't conform to the tenets of women's lib (generally because the ad shows a woman in a *traditional*, primarily household, role) to claims that a woman has been *deliberately used by an* advertiser in a lewd or salacious manner.

Complaints of the first kind, says the ASA, tend to ignore the fact that the majority of women still see themselves as housewives and that a high *proportion of products* are aimed at women in their traditional rather than their business role.

Ashley Ashwood

Complaints of the second kind, says the ASA, launch the argument into the realm of decency—"decent" being defined in this case as "conforming to standards that are right and fitting" rather than to those that are "sexually chaste."

Says the ASA: "We cannot agree that any representation of an attractive woman in an advertisement is tantamount to offering a promise of sexual gratification. It seems to us an absurdly single-minded attitude. While we would not favour in principle the use of a naked woman in an advertisement for, say, industrial machinery, this does not mean that we want to object to every pretty girl introduced into an advertisement as a means of giving appeal to an otherwise unappealing subject. It depends on the tone of voice of the advertisement as a whole.

The ASA says it likes to stand back and ask itself whether or not a particular ad is offensive. "If the authority believes that a high proportion of viewers of an advertisement are likely to find it offensive, then we shall probably say to the advertiser that while it is not indecent, it is nevertheless more likely than not to be found distasteful by the public, and therefore contravenes the Code."

In any case, says the ASA, it is not its job to involve itself in attempting to change ideas of women's role in society. "An advertisement, if it is going to work, must meet with some sympathetic reaction from the audience, otherwise it won't sell effectively. Unless the advertisement is seen as relevant, unless the consumer can identify with the woman in the advertisement, she is likely to ignore it."

All in all, Colman's saucy lady seems safely ensconsed on her tiger skin. According to a debbish spokesperson of *my acquaintance*: "She doesn't offend me in the slightest. In fact she's really *rather silly*."

The smugness derives from the simple fact that the industry's bookings are so good—its sites are sold solid, in most cases for months, even years, to come. But it is also based on an assumption that the bulk of the industry's near £60m income will continue to derive from the four-sheet, the handy poster size developed in the 1960s to fit neatly into shopping precincts and to match the scale of street furniture. The four-sheet is usually sold as a back-up medium for television, reminding the customer of a product just before he goes into the shop—the nearest point-of-sale advertising, in fact controlled by the advertiser rather than the retailer.

Reliance on the four-sheet has a number of disadvantages, most of which were forcibly pointed out to the industry in Bordeaux: it accepts the industry's subsidiary role in any given campaign: it provides none of the creative flexibility required by creative people who have come to know and love the much bigger, traditional type of poster sizes; and, for all the industry's present prosperity, its role as a back-up medium for TV could be vulnerable to a second ITV channel, expansion of local radio, or, in its role as an alternative to TV from a ban on the advertising of cigarettes.

Nevertheless, the number of "free" larger sizes of poster sites diminishes steadily year by year, as what one speaker described as the professional genteelism of the town planners squeezes the number of empty spaces adorned by posters. A recent straw in the wind was a Civic Trust publication which attacked posters *en passant* as likely to hinder the work of improving urban wasteland, since they merely concealed the problem, paper it over, without doing anything to improve the landscape in any basic way.

Now the poster industry has a number of (albeit inadequately *developed*) answers to this attack, answers which could be used for positive promotional purposes as well as for defense against planners, improvers and others who would strip the medium bare. The precedent has been seen in shopping precincts where poster sites are combined with clocks, seats, air conditioning vents and the like, and, more obviously, in the country's bus shelters, now provided largely free thanks to the posters on their sides. And one major contractor has developed a handsome pillar-box type of telephone kiosk, paid for, again, by advertising, though unfortunately the postmen saw in the new design a threat to the useful pocketmoney they pick up at the moment from clearing the older type.

These are all modest examples of urban embellishments which could be paid for by advertising posters, and the principle could be further extended—there is no earthly reason why a contractor, for example, shouldn't be able to take over an acre or two, turn it into a playground, and agree to staff and equip it as rent for a decent spread of posters. But the idea of the poster contractor acting as a municipal improver requires major efforts of will and imagination, neither of which are apparent at the moment, for although the poster industry is conducting a low-key educational campaign designed to persuade planners of the uses of posters, the running in public is still being made by anti-poster forces.

Any real progress demands, first, a realisation by the poster industry of the urgency of the need for propaganda, an admission that the four-sheet, tucked tidily away in shopping precincts, is not, by itself, enough to keep the industry alive. Second, the advertising industry in general—client companies as well as agencies—must understand that the poster industry's battle against the planners is merely this year's instalment in the long-running campaign designed to show the public that advertising has some value, and, in this case, that it can be harnessed to very obvious social benefits. Indeed, because of the very obvious connection in this case between advertising content and social improvement, the poster site is very favourable terrain for the advertising fraternity. So why no attack?

PETER WILSON, chairman of Sotheby's, is the latest celebrity to lend his name to JWT's tasteful print campaign for Rolex watches. According to the purr of the body copy: "Peter Wilson reckons that he spends a quarter of each year travelling to and from Sotheby's offices around the world, so time-keeping is obviously critically important to him. The watch he wears is a Rolex Datejust. On the subject of Rolex and time-keeping it is no coincidence that in every Sotheby's catalogue, you'll find the time of the sale is describe das 11 am . . . *precisely*."

The last sentence is joyfully inaccurate, but that won't worry Rolex, which apart from the Sotheby's chairman has signed up Yehudi Menuhin

Hard look at price cuts

BY MICHAEL THOMPSON-NOEL

WHEN IS a reduced price offer a reduced price offer? According to Jeff Harris of Harris International Marketing, total sales promotion expenditure ballooned last year by about £600m to approximately £1.853bn. However, as a result of Tesco's Checkout campaign, and the ripostes of its rivals, reduced price offers represented two-thirds of the 1977 total compared with only half the previous year.

Hence the need for a spot of redefinition, for as Harris notes, moves into prolonged discount-style pricing have changed the name of the game and the figures almost certainly need to be rephrased, either this year or next when the impact of policy changes as Tesco's and Sainsbury's have become more established, widespread, normal.

It is for this reason that progressive increases in total promotional spending of 41 per cent in 1976 and 51 per cent last year may be replaced by a drop of around 13 per cent in the Harris figures for 1978—giving a *total promotional spend* of £1.64bn.

According to Harris: "This is still very *big business: the major* part of many marketing communications budgets, and larger than display advertising. However, the validity of including price cuts as short-term, discretionary sales stimulants must be questionable when they cease to be short-term and when scope for discretion is largely removed by competitive or trade pressures." (It should be noted that the total figure for 1977 includes £310m-worth of media advertising used to support promotions.)

Expenditure on reduced price coupons continues to grow, though Harris suggests a

SALES PROMOTION
Estimates (£m)

	'77	'78
Reduced price offers	1,260	1,000
Coupons	30	25
Extra quantity	5	7
Banded packs	5	5
Stamps	60	40
Gift coupons	1	5
Free giveaways	2	2.5
Free mail-ins	15	17.5
Self-liquidating premiums	4	3
Competitions	6	7.5
Samples	3	5
Point of sale display	120	100
Trade media	2	3
Consumer media	310	350
Sponsorship	20	25
Sales force & trade incentives	40	50
	£1,853	£1,641

flattening of the curve. Extra-quantity packs are still near the top of the popularity polls although stamps, understandably, have fallen away dramatically (see table).

According to Harris: "Self-liquidating premium offers are responded to less than any comparable technique, but competition entry has increased about five-fold, to 10 per cent, in the last five years."

In three years, the number of people who don't mind if their usual brand is sold at cut price has dropped from about five out of ten to about four out of ten while the number who make a point of buying brands with cut price offers has stayed at about one in ten. The fact that a store offers lots of special offers consistently rates bottom as a criterion for store selection. On the other hand, shoppers seem increasingly likely to believe that a temporary price reduction is a genuine offer, though about four out of ten don't think such offers are genuine, or don't know. Of those who doubt the genuineness of offers, the largest portion say they simply can't evaluate the proposition. Still, more shoppers do now claim to know the normal price of most or some of the goods they buy.

According to Harris: "Shoppers continue to concentrate their shopping at one shop, and to concentrate their shopping into one trip. It's increasingly difficult to switch a main shopper. A steady 23 per cent of people claim that own label products affect their choice of shops."

An interesting piece of Harris research indicates it is possible that price is at its most dominant as a purchasing influence when it comes to paper goods, household cleaners, toiletries, petrol, canned foods, packaged groceries, beverages and travel, but much less potent when it comes to clothing, bacon and sausages, meat and poultry, dairy products and fruit and vegetables.

Y and R come-back continues

AGENCIES WAX, agencies wane, but the apparent revivification of Young and Rubicam *was confirmed this week with* news that it had captured £1.3m worth of new business from RHM Foods covering the Energen and Scott's advertising, previously with FGA/Kenyon and Eckhardt.

Y & R chief executive a nd managing director Tim Coles says the agency's gains since the start of the year have eclipsed £5m, an dthat on a 12-month *rolling basis beginning now, the* agency's billings are gliding past £37m. "We've had two years' reorganisation," says Coles. "Now it's paying off."

The accounts include Scott's Porage Oats, Energen Crispbreads, RHM's low-calorie jams and the canned low-calorie soft drinks brand leader, Energen One-Cal.

According to Energen's diplomatic chief executive David *Baines*: "As the direction of Energen business is being reviewed, we felt the time was also right to talk to other agencies well in advance of next year when our new advertising will break. Inevitably the decision was a difficult one. Although we have enjoyed a long and successful relationship with FGA, we have appointed Y & R as we were particularly impressed with their interesting and creative response to our demanding brief."

Shaved of RHM's £1.3m, FGA/Kenyon and Eckhardt is now contemplating 12-month billings of *approximately £8m*—but last night it didn't seem to mind. The impression was that if Energen *had problems, they ran deeper* than its advertising approach, and that Y & R's gain may not be the bonus it thinks it is.

● **THOMSON YELLOW PAGES** is *spending £600,000 on a* networked TV campaign intended to broaden the usage of the Post *Office's classified directories*. It is the first campaign developed by Yellow Pages' new agency, Grey Advertising.

● **NORTH OF SCOTLAND** Hydro Electric Board has switched its £200,000 account from R and W Advertising to Charles Barker Scotland, based in Edinburgh.

● **WITH THEIR BILLINGS** *racing neck and neck*, it is hardly surprising that the current profits performances of *Collett, Dickenson, Pearce* and the Saatchi and Saatchi Company —Britain's two largest domestically-owned, publicly quoted advertising groups—should be purring in harmony.

Collett's 1977 pre-tax profit was £1.38m. For the six months to March 31, 1978, Saatchi's has just turned in a 32 per cent improvement to £755,000 on a turnover *of £24.6m, up 25 per cent*. No doubt reflecting the current ad boom, Saatchi's margins improved for the fifth half-year running to reach 3 per cent.

MARKETING APPOINTMENTS

THE JOBS COLUMN

Two in line for presidency • PER out of red

BY MICHAEL DIXON

TWO INDUSTRIAL aces are wanted by headhunter Malcolm Campbell for a £100m turnover international company. But only one of them can succeed as chief executive when the president-cum-owner retires, probably in three to four years.

Mr. Campbell, who works on the recruitment side of the management consultancy side of the accountants Mann Judd, cannot disclose the company's name. All he may say is that it is a Euro-American concern whose business is industrial consumables, such as materials for repair and maintenance. He guarantees to honour any applicant's request not to be made known to the employer until specific permission has been given.

An oddity about this pair of jobs, by the way, is that while the preferred base is the U.S., the employer seems willing to be persuaded otherwise.

Will the next chief be the incoming executive vice-president for finance? After all, a good many financial craftsmen who are already of chief executive rank might well be tempted by this particular vice-presidency which carries responsibility for the company's world-wide financial planning and control, and the development of new business, not to mention the data processing work.

My estimate of the attractiveness of this post is based on the salary indication of about £45,000 which even in the U.S. is more than peanuts. Perks will be commensurate, I am told.

Or will the next president be whoever joins as the new executive vice-president for marketing, at a similar sort of salary?

This post bears responsibility for the overall control of marketing and sales in about 140 countries, involving a force of representatives operating world-wide plus the occasional licensing agreement. The development of new products will be another important concern.

Candidates for the marketing vice-presidency will need to have risen to specialist eminence on the manufacturing side of industry, and if they are qualified by training or practice as engineers, so much the better.

The preferred age is 40-plus for both these posts, which are open to English-speaking managers with the appropriate kinds and level of experience, regardless of nationality. In the case of the marketing chief, however, language skill in French and German also would be an advantage.

Applications outlining career should be sent to Malcolm Campbell at Mann Judd Consultants, 55 New Oxford Street, London WC1A 1BX—Telex 23173. Inquiries may be telephoned to 01-836 6600.

Straight bat

UNLESS Geoff Crosby had just beat Lancashire single-handed in the Roses cricket match, I doubt whether he could feel more pleased than he must do this morning.

The Yorkshire-born director of the Goverment-sponsored Professional and Executive Recruitment agency was able to announce yesterday that PER has at last come out of the red on its commercial, manager-recruiting activities. The year ended on March 31 showed a profit of £20,000 over expenditure of £5.93m. Losses of £0.32m and £0.62m were made in 1976-1977 and 1975-76.

But a qualification is needed to any statement that PER is no longer using a subsidy from the taxpayers to compete in the executive-recruitment market with private enterprise consultancies and agencies.

While its fees from employers for finding and selecting job-candidates were up by 37.5 per cent on those of the previous year, they still totalled only £3.25m. Another £2.7m of income was furnished by the Government as a grant to cover the agency's non-commercial services such as advice and help to unemployed managerial-types finding it hard to obtain new work.

Shouts that this "social activity" grant still feather-beds PER, are rebutted by Geoff Crosby with a well-tried, almost weary defence.

Of the roughly 200,000 job-seekers who now register with PER each year, he said, about 140,000 are out of work. A private-enterprise operation could not cope with a candidate-clientèle which was 70 per cent jobless, and when the £2.7m grant is spread across the unlucky 140,000, it averages less than £20 a head.

Besides which, the headlong rise in the "social activity" subvention over the agency's first three full years of operation—from £0.82m in 1974-75 to £2.52m in 1976-77—has now been nearly stopped. And the PER costing system has been fixed so that staff time spent respectively on commercial and on social services is now charged against the appropriate type of income.

That line of attack blocked, and being a typical Lancashire-man, I changed my angle.

How about the number of vacancies which employers bring to PER for filling? I asked. "Ah." Mr. Crosby responded somewhat edgily, "from the levels of 1974-75 those have just about halved in total to 20,000-plus last year. But our success rate in placing candidates has gone up from about one in every seven or eight vacancies to around one in three.

"So we're doing much better financially on a decreased volume of business. Incidentally, our average charge per placing is now just under £500, excluding advertising which is charged to the employer at cost."

But doesn't that still indicate declining confidence among PER's original employer-clientele, even though at 10 to 12 per cent of starting salaries the agency's selection and placement charges must be among the cheapest on the market?

Geoff Crosby played that straight. "Aye. We didn't give them an in-depth quality service at first. We weren't getting down to a properly detailed understanding of each job that was sent to us. But we know now that employers want detailed selection, and we're providing it. That's why the success rate has gone up so much.

"For the future, though, we know we must win back those lapsed customers."

With time drawing on, I made a last effort to get past his guard. PER's cut-price competition on the market, I said, had helped to throw out of work a good many private-enterprise recruitment staff.

But these were banned from finding alternative work with the expanding Government-backed agency, because PER's staff have to be civil servants engaged through the Civil Service's traditional channels and almost always, still, before they are 28 years old.

Doesn't this amount, I asked, to a shameful jobs-only-for-the-boys restriction?

Again Geoff Crosby played it cleanly. "In my personal opinion, it does. And it strikes me as absurd as well. Why can't we have open schemes to recruit for the service, not just specialists like personnel consultants, but middle managers from the private-sector, too? Why ever not?

"But it's no good asking me about that." he added. "Ask the Civil Service Commission."

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Samuel Montagu & Co. Limited
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170 Bishopsgate London EC2M 4LX 01-623 1266/7/8/9

Acquisitions Executive

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Please write stating full career details and salary progression, stating the names of any companies to whom your application should not be sent, to:

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London EC2N 4BJ.

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(Ref: E5799/FT)

REPLIES will be forwarded direct unopened and in confidence to our client unless addressed to the Security Manager listing companies to which they may not be sent. They should include comprehensive career details, not refer to previous correspondence with PA and quote the reference on the envelope.

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The starting salary for this post will not be less than £15,000 per annum (including London Allowance) together with the usual benefits pertaining to a job at this level.

Applications stating full relevant details and present salary to the Deputy Chairman, C.E.G.B., Sudbury House, 15 Newgate Street, London EC1A 7AU, by 14 July 1978. Quote Ref. ST/SB.

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Brief but comprehensive details of career and salary to date, which will be treated in confidence, should be sent to:

J. G. Cameron, The Executive Selection Division – C333,
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Shelley House, London, EC2V 7DQ.

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This career challenge is open to young Accountants with the confidence to develop quickly into Financial Managers. For an initial exchange of information contact Robert Miles on 01-248 6321.

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Telephone 01-836 1707 (24 hr. service) quoting Ref: 0463/FT. Reed Executive Selection Limited, 55-56 St Martin's Lane, London WC2N 4EA.

The above vacancy is open to both male and female candidates.

London Birmingham Manchester Leeds

GROUP DEVELOPMENT EXECUTIVE

THE GROUP

The Ellerman Group, which is based in the City, is a major British company with widely developed interests in Shipping, Transport, Travel and Leisure, Regional Brewing and Insurance. It is also developing a range of other service and manufacturing interests and has substantial investments and operations overseas.

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The Group Development Department is currently staffed by a young team with a high level of business education and with a wide range of experience ranging from international consultancy through marketing, financial and operation management. The Department is responsible for the collation, definition and analysis of Divisional objectives and policies; carries out strategic appraisal of capital expenditure projects and potential acquisitions and makes recommendations on resource allocation, reporting to the Group Board and Group Managing Director.

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Suitable candidates are likely to

— be between 28 and 35 years
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K. G. Hersey, Director
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Telephone 01-836 1707 (24 hr. service) quoting Ref: 0464/FT. Reed Executive Selection Limited, 55-56 St Martin's Lane, London WC2N 4EA.

The above vacancy is open to both male and female candidates.

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Salary negotiable plus car

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Preferably aged between 30 - 40, he/she will have a degree or equivalent qualification with a good track record in a senior commercial position and experience of one or more of the above areas of management.

This is an excellent career opportunity, carrying an attractive salary and fringe benefits package which includes a company car and assistance with relocation expenses where applicable.

Please write with brief personal and career details to:

The Managing Director,
***Slumberland Limited*, Sedgley Road East, Tipton, West Midlands DY4 7RH.**

DUPORT GROUP Slumberland Ltd

Financial Executive

PUBLIC COMPANY

N.E. Kent (London 13m.) **c. £9,000 & car**

A manufacturing group marketing products worldwide, with a turnover of £20m, and a reputation for expansion requires a qualified accountant. Someone with a proven financial background experienced at senior management level is needed to replace our present Financial Adviser who is due to retire.

The duties will include financial planning, preparation of accounts, budgets and providing the Board with financial information. The successful candidate will work closely with the Corporate Committee and could be considered, after a successful initiation period, for appointment to the Board.

Please write to the Company Secretary for a job specification.

Box FT/532 c/o Hanway House, Clark's Place, Bishopsgate, London EC2N 4BJ.

C&L

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E. H. Simpson. The Executive Selection Division – FT737.
Coopers & Lybrand Associates Ltd., Management Consultants,
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In return, we can offer a satisfying and rewarding career, with good working conditions, generous company benefits and excellent prospects. Help with relocation expenses will be given if necessary.

If you think you're special enough, we'd like to hear from you. Write or phone for full details, and an application form to:-

Miss J. Parry, Personnel Officer, Lyons Tetley Ltd., 325 Oldfield Lane, Greenford, Middlesex. Tel. 01-578 2345 Ext. 290.

Lyons Tetley

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MEARES & PHILIPS

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In addition to applications from analysts working in these sectors, equal consideration will be given to qualified accountants with around two years' experience in industry or auditing.

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Corporate Finance

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County Bank

A member of the National Westminster Bank Group

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c. £10,000

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Interested applicants should write giving full details of personal background and professional experience in the first instance to:-

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P.M. Johnstone
Streets Advertising Limited
11 New Fetter Lane
London, E.C.4.

indicating the names of any companies to whom you do not wish *your applications to be forwarded.*

SECURITIES ANALYST EUROPEAN & JAPANESE SECURITIES
(New York Based)

As a result of the expansion of our International research capability, a position has become available for a *qualified* European/Japanese Analyst, with approximately 3-5 years experience.

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(BASE COMPENSATION + USUAL BENEFITS AND GENEROUS INCENTIVE)

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If your track record is exceptional, if you are an aggressive manager who responds well to challenge and if you are a people-oriented executive who has real empathy for people at all levels — colleagues and customers alike — please forward your resume, including earnings history and private telephone number at which you may be reached in *late June* to the Box Number indicated below.

As the professional consultants retained to assist manage-*ment in filling this important post,* we assure all respondents that their resumes will be promptly acknowledged. The *credentials of* a qualified executive will only be presented to our client after an interview with a member of our *professional staff* and by mutual agreement.

Write Box F.1027, Financial Times, 10, Cannon Street, EC4P 4BY.

REGIONAL ACCOUNTANT

A well-established International service organisation is seeking a Regional Accountant for its European operations. This is a key senior position reporting to the Regional Controller based in London's Regent Street.

The successful candidate will meet most of these criteria.—

1) Be a qualified accountant.
2) Be within the likely age parameters of 29-39
3) Have commercial experience in a hard-working environment.
4) Have substantial experience in all aspects of dealing with staff.
5) Proven experience of the production of comprehensive *management* and *corporate* accounts to a tight schedule.
6) Ability to control the activities of departments with a *high-volume throughput.*
7) Some E.D.P. experience, preferably with mini-computers.
8) An ability to relate to and understand the requirements of a performance-orientated line operation.
9) Have an energy level and ambition to succeed with responsibility.

A remuneration package in the order of £8.000 p.a. is envisaged which, besides normal fringe benefits, could include a company car. The job offers the opportunity for real commercial experience in a lively results-orientated environment. Prospects in the medium term include: growth in the advertised job through our rapid expansion; a move into a financial planning/liaison role; or a move into controllership.

Interested *applicants should* telephone *Mrs. C. Irving on* 01-437 6900 to obtain an application form.

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An attractive salary will be offered. Non-contributory pension etc and later low cost house mortgage facilities.

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Personnel Manager.
Provident Mutual Life Assurance Association,
25-31 Moorgate, London EC2R 6BA.

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UNIVERSITY APPOINTMENTS

UNIVERSITY OF DURHAM
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Applications are invited for the SPICER AND PEGLER CHAIR OF ACCOUNTANCY in the Department of Economics to be filled as soon as possible.

The appointment will be made on the Professorial salary scale together *with the usual* pension arrangements.

Applications (three copies), including the names of three referees, must be submitted not later than Friday, 28 July 1978 to the Registrar and Secretary, Old Shire Hall, Durham DH1 3HP, from whom further particulars may be obtained. (Candidates outside the British Isles may submit one copy only.)

MERCHANT BANKING

£7,000-£10,000

Our client, *a member* of the Accepting House Committee, seeks Graduate Chartered Accountants and Commercial Lawyers with 1-2 years post-graduate experience in the profession. Knowledge of at least *one European language would be* an advantage. Only first-rate *applicants* with a good examination record will be considered. *Please write:*

Beresford Associates Ltd.,
Box A.6395,
Financial Times,
10 Cannon Street, EC4P 4BY.

ECONOMIC CONSULTANT

required by expanding Consultancy in Taylor Woodrow Group, *specialising in trade promotion* (international trade, trade centres, industrial investment, urban renewal, the leisure industry).

To be based at the London World Trade Centre, but occasional overseas travel likely. Preferably graduate with relevant research experience and some knowledge of *international trade; good command of* English and experience in project costing; and ability to produce clear written argument within agreed *time limits.*

Competitive salary according to qualifications and experience, annual bonus, group pension scheme. Please write in complete confidence, enclosing your curriculum vitae, to:

Mr. Bryan Renn (Private & Confidential)
Development Advisory Service
World Trade Centre
London E1 9AA

An experienced foreign exchange dealer for Saudi Arabia

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Salary and conditions of work (paid home leave, free housing, furniture, etc.) will be commensurate with the importance of this position.

Please send full career details by letter to Mr. J. Elzinga, Personnel Department, Algemene Bank Nederland, Vijzelstraat 32, Amsterdam, Holland.

Albank Alsaudi Alhollandi

STOCKBROKING

Experienced Personal Assistant (age 25-35), male or female, required by Partners in medium sized *London firm. Must be competent to control and* review computerised private client portfolios, prepare schemes without supervision and undertake some associated Investment research. S/E examination standard essential.

Write with details of experience and remuneration required to:

BOX A6385, FINANCIAL TIMES
10 CANNON STREET, EC4P 4BY

LOMBARD

Mr Hattersley ...the facts

BY PETER RIDDELL

MR. ROY HATTERSLEY, the Prices Secretary, evidently does not accept the maxim "never apologise, never explain." Since his speech in mid-month asserting as a "fact" and not "a hope or even a prediction" that the 12-month rate of retail price inflation would remain around 7.9 per cent for the rest of this year he has returned to the issue three times. Mr. Hattersley's latest somewhat prickly contribution shows why he should have been more careful about his original *choice of words*.

Mr. Hattersley questioned the fairness of some of the Press discussion of the inflation prospects. While some of his indignation can be partially justified, he only has himself to blame for most of the criticism. Moreover, the public, and the Press, are understandably sceptical about politicians' claims about inflation following not only Mr. Healey's famous 8.4 per cent three-month annualised rate of October, 1974, but also the many unfulfilled and over-optimistic forecasts of 1975-76.

Prediction

So Mr. Hattersley deserved to be criticised for his statement that the rate of price inflation for the rest of this year was a fact. This was a use of language which so prolific an author as Mr. Hattersley should have instantly rejected. The comment about the inflation prospects was by definition a prediction which may have a greater or lesser probability of being fulfilled than other predictions.

The controversy over his original choice of words has detracted attention from the prediction itself. The fairest conclusion at this stage is that there is a more than even chance that the rate of retail price inflation will fluctuate around 8 per cent for the rest of this year and pretty good odds that it will remain in single figures until December. This view is supported by the Bank of England in its latest quarterly bulletin.

This is because, as Mr. Hattersley has pointed out, the main determinants of the 12-*month rate until December are* now known. While industry's raw material costs have risen by *5½ per cent in the last three* months this will take up to a year to work through fully. The *fall in these costs up to the early* spring is still the more important influence. And even though wage *costs have accelerated in the* current pay round, the 12-month rate of increase in output or *factory*-gate prices is declining and, anyway, takes three to six months to be reflected in shop prices.

There is a fair degree of certainty about projections three or four months ahead with an increasing margin of error each month after that. As Mr. Hattersley pointed out, a drought would have to push up the index of *seasonal foods by 30 per cent be*fore it raised the all-items retail price index by 1 per cent.

The real weakness in Mr. Hattersley's speech is that by concentrating on the 12-month *rate he was looking too much* at past influences and not enough at current pressures and possible future rises. The Bank of England bulletin has been rather franker about this—pointing out *that the recent fall in the in the* exchange rate may add about 2 per cent to wholesale output *prices and rather less to con*sumer prices after a year.

Mr. Hattersley attempted to play down the use of measures of the underlying trend, notably the index for prices except seasonal foods over the last six months expressed at an annual rate. It is certainly true that measures over a short period can be artificially distorted by an uncharacteristically bad month, such as April traditionally is. But *the rise* in this underlying rate from 6.8 to 8.6 per cent in the last two months is at least an indication that the next move in the 12-month rates is likely to be upwards, even if not necessarily back to double figures immediately.

Moderation

On the longer-term prospects, all Mr. Hattersley had to offer was the usual plea for another *year of moderate wage increases.* In contrast, the Bank bulletin was only highlighting the obvious arithmetic when it said the rise in earnings in the next pay round would have to be below 8 per cent—implying 5 to *6 per cent on basic wage settle*ments—in order to keep the rise in prices next year well below 8 *per cent. The attack on the Bank by Mr. David Basnett, this year's* TUC chairman, merely reflects *the current TUC/Government* desire to cloud the pay issue. Mr. Hattersley would have *helped the cause of pay modera*tion if he had spelt out the arithmetic on earnings in the next *year as clearly as he did on* prices in the next few months.

Why the Bundesbank is not a governess

BUSINESS AND THE COURTS

BY A. H. HERMANN, *Legal Correspondent*

THE HILL SAMUEL/Bundesbank judgment of the Bundesgerichtshof (BGH), the West German Supreme Court, has been made available in full with unusual speed—less than three weeks after the announcement of its decision to reject Hill Samuel's claim for damages. The claim was based on the failure of the Bundesbank to warn Hill Samuel and 22 other banks paying moneys into Herstatt's clearing account of its insolvency and imminent closure.

The grounds given by the BGH for reversing completely the two favourable decisions obtained by Hill Samuel in lower courts take less than six *pages but these are well worth* the attention of lawyers advising on banking business and insolvency matters concerning Germany.

The BGH dealt, among other things, with two questions: Did the Bundesbank have a contractual duty to warn banks which made clearing payments *in favour of Herstatt at a time* when it already knew that a rescue attempt had failed? And *was the Bundesbank not obliged* to interrupt the remittance operation as soon as it learnt that the beneficiary would never receive the money because his banker was insolvent?

Hill Samuel relied on previous decisions of the BGH which clearly said that a bank had such duties. However, the BGH decided that the case of *the Bundesbank was different.* The Bundesbank organised the clearing as a public service and though it stood in a contractual relationship of trust with the *banks using it, this did not* concern individual payments into the clearing about which the Bundesbank need not, and often cannot know.

On the second question, the duty to interrupt a remittance operation was a duty *imposed* exclusively in the interest of the beneficiary. The complaint that it was unfair not to warn those who made payments at *the last minute would be justi*fied only if the Court were to accept that those who entrusted money to Herstatt earlier were no longer deserving protection. These matters were regulated by the insolvency law and were best left to the authorities called to administer it: the Federal Banking Office and the Courts.

The moral to be learned by banks from this decision is that *the Bundesbank governs but is* not a governess. When crossing a German street look left, right and left again.

* * *

INSOLVENCY cases, irrespective of the national law by which they are governed, have one difficulty in common: to determine the cut-off point. If the difficulties are made public too early, this may precipitate a failure which could still be avoided; if the insolvency is declared too late more creditors are allowed to fall into the pit.

These problems and the problems of rescue now occupy the minds of legislators not only in *the free market economies but* also in East Europe. A new Hungarian Act on the Management of State Enterprises (No. VI/1977, effective from January *1, 1978 and published only three* days earlier) contains novel provisions for the rescue of a failing State-owned enterprise. It makes it a duty of the chief executive of such an enterprise to inform the group management, or government department *in the case of a group, as soon* as the enterprise starts losing money on its current operations *or has spent its reserve fund as* a result of losses suffered. The establishment of a rescue committee can be proposed by the failing enterprise, its bankers or the Minister of Finance. If *rescue proves impossible*, the enterprise can be taken over by another, divided or liquidated. There are special provisions for public utilities.

In Austria, Hungary's western neighbour, the Ministry of Justice has ready a "Business Continuation Bill." The draft provides for a temporary continuation of the insolvent enterprise to gain time for its rescue. It would ensure the participation of associations of employers and employees in all decisions, concerning the insolvency and rescue, while protecting the rights of creditors at the same time. There would be a *short* moratorium during which preferential creditors could not make use of their rights. The Bill also provides safeguards for settlements agreed with creditors.

* * *

THE EUROPEAN Court is extremely busy, trying to dispose of several "land-mark" cases before the summer recess, but the new vigour with which the Commission is tackling member Governments—for example in the matter of excise duties hitting imported alcoholic drinks harder than *indigenous* drinks (UK tax on one litre of wine is 71p but only 13p on one litre of beer) is bound to give the Court enough new business in the autumn.

The Court has on its plate *the two sets of isoglucose cases* in which it is asked to judge the politically explosive issue of the beet-sugar protection operated by the Community. Its judgment of May 25, 1978 rejecting the chicken breeders' claims for compensation of loss which they suffered by the illegal enforcement of feeding dried skimmed *milk* to chickens, is no good omen for the actions for damages brought by the producers of isoglucose. The Court prepared for their rejection *by ruling* that the EEC Council of Ministers and Commission are liable for the consequences of secondary legislation, subsequently quashed by the Court, only "in exceptional circumstances" as otherwise they would be too restricted in using their best judgment in the pursuit of the economic aims of the Community.

Another case, likely to be decided before the summer recess, is the appeal of B[...] Petroleum's Dutch subsid[...] against a Commission de[...] castigating their beh[...] during the 1973-74 oil[...] Here it can be expected the Court will clarify the [...]cept of market dominance [...]porting the complete re[...] by one of the Court's Adv[...] General, Mr. J. [...] Warr[...] the Commission's decisi[...] this column on June 1, I [...]tioned an earlier judgme[...] the Court (in Metro v. [...]mission No. 26/77) and [...] that the Court held that [...] a German manufacture[...] electronic consumer du[...] was in a market dominan[...]tion. In fact, neither the [...]mission nor the Court ca[...] such a conclusion. B[...] Court said that in excep[...] circumstances even [...] share as small as the 6 to [...] cent held by SABA coul[...] amount to market domi[...] And this dictum of the [...] may yet prove to be a [...]cant reinforcement o[...] generally noticeable tre[...]wards giving greater wei[...] such factors as excelle[...] the product, marketin[...] financial power, capaci[...] research and developme[...] attaching less importa[...] the actual market share [...] determining the overall [...] power of an enterprise.

Buckskin has both the class and courage to win Gold Cup

RACING

BY DOMINIC WIGAN

WITH SAGARO retired, it will come as a surprise and a disappointment to many on both sides of the Channel *if that other* top-flight stayer of the past couple of seasons, Buckskin, falls to lift today's Gold Cup.

Buckskin, who swept the board in his exchanges with Sagaro before Royal Ascot last summer when trained by Angel Penna, has made only two appearances for his new stable, that of Peter Walwyn. A well beaten runner-up to Shangamuzo over a trip short of his best in the two-mile Sagaro Stakes here in April Mr. Daniel Wildenstein's five-year-old left that form well behind a few weeks later when outclassing the opposition in Longchamp's Prix du Cadran with a three-length victory over Duky.

There appear to be few if any *grounds* for thinking that Buckskin has slipped from the outstanding form that earned him *market preference in front of* Sagaro 12 months ago and it is only the probability of fast con*ditions, which he has never been* asked to tackle, that seems to pose serious doubt about the outcome.

In the belief that his class and courage will carry him through, I side with the Yelapa horse. The one filly in the 10-runner line-up, Mr. Louis Freedman's Royal Hive, has a good each-way chance.

The Henry Cecil-trained bay, who will make a brave bid to give her owner the prize he covets most after the Derby, is in her element on a fast surface and should have few problems in seeing out this two-and-a-half-mile trip, which she tackles for the first time.

In spite of the presence of several highly rated Derby disappointments, including Julio Mariner and Admiral's Launch, in the King Edward VII Stakes I suspect that it might pay backers to row in with Messrs. Sangster, O'Brien and Piggott, who rely on Stradavinsky. *That half-brother by* Nijinsky to another 2,000 Guineas winner in Nonoalco is *clearly capable of much more* than his tenth place in the Irish 2,000 Guineas might suggest and *he may not need to be another* "world beater" to dispose of some disappointing opponents.

In the two juvenile races, the Norfolk Stakes and the Chesham Stakes, Schweppeshire Lad and *Main Reef seem certain to start* at prohibitive odds. The first, bidding to become the first juvenile to land five events this term, should encounter few difficulties, but I believe that Chalumeau may prove just too good for the possibly over-rated Main Reef in the Chesham.

ROYAL ASCOT

2.30—Ballad Rock**
3.05—Schweppeshire Lad*
3.45—Buckskin***
4.20—Stradavinsky
4.55—Chalumeau
5.30—Bushinee

TV/Radio

† Indicates programmes in black and white

BBC 1

6.40-7.55 a.m. Open University. 1.20 p.m. On the Move. 1.30 Chigley. 1.45 News. 2.00 Tennis/Royal Ascot. 4.20 Play School (as BBC-2 11.00 a.m.). 4.45 Laff-a-Lympics (cartoon). 5.05 Blue Peter. 5.35 Roobarb.

5.40 News
5.55 Nationwide (London and South-East only)
6.20 Nationwide
6.45 World Cup report
7.05 Tomorrow's World
7.30 Top of the Pops
8.00 Rosie
8.30 Citizen Smith
9.00 News
9.25 The Songwriters: The story of Lionel Monckton
10.15 I, Claudius
11.10 Tonight
11.50-11.55 Weather. Regional News

All Regions as BBC-1 except at the following times:—

Wales—1.30-1.45 p.m. Mr. Benn and the Magic Carpet. 5.55-6.20 Wales Today. 11.50 News and Weather for Wales.

Scotland—5.55 pm Reporting Scotland. 6.15-6.20 Scottish Liberal Party Conference '78 from Perth. 6.25 Join BBC-1 London for Nationwide. 11.50 News and Weather for Scotland.

Northern Ireland—4.18-4.20 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six. 11.50 News *and Weather for Northern* Ireland.

England—5.55-6.20 p.m. Look East (Norwich): Look North (Leeds, Manchester, Newcastle): Midlands Today (Birmingham): *Points West (Bristol)*: South Today (Southampton): Spotlight South West (Plymouth).

BBC 2

6.40-7.55 a.m. Open University
11.00 Play School
2.00 p.m. Royal Ascot
4.30 Tennis: Colgate International Women's AAA Tennis Tournament.
4.55-5.20 and 5.45-7.00 Open University
7.00 News on 2 Headlines
7.05 The Engineers
7.30 Newsday
8.05 Gardeners' World
8.30 In Deepest Britain
9.00 Midweek Cinema: 'Isadora' starring Vanessa Redgrave
11.15 Late News on 2
11.25-11.35 Closedown (reading)

BBC-2 Wales only—7.05-7.30 p.m. Heddiw. 11.25-11.50 The Engineers.

LONDON

9.30 a.m. Element of the Unknown. 10.20 Battle for Cassino. 11.10 An Angel Against the Night. 12.00 Gammon and Spinach. 12.10 p.m. Rainbow. 12.30 News plus FT index. 12.55 Help! 1.00 World Cup '78. 2.00 After Noon. 2.25 The Crezz. 3.20 Quick on the Draw. 3.50 The Sullivans. 4.20 Little House on the Prairie. 5.15 World Cup '78.

5.45 News
6.00 Thames at 6
6.30 Crossroads
7.15 Mr. and Mrs.
7.45 Best Sellers
9.30 This Week
10.00 News
10.30 What About the Workers
11.00 Richie Brockelman
12.00 What the Papers Say
12.15 am Close. A painting by Constable with music by Elgar

All IBA Regions as London except at the following times:—

ANGLIA

ATV

BORDER

CHANNEL

GRAMPIAN

GRANADA

HTV

SCOTTISH

SOUTHERN

TYNE TEES

ULSTER

WESTWARD

YORKSHIRE

RADIO 1 247m

(S) Stereophonic broadcast

5.00 am As Radio 2. 7.02 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett including 12.30 pm Newsbeat. 2.00 Tony Blackburn. 4.31 Kid Jensen including 5.30 Newsbeat. 7.30 Country Club (S) (joins Radio 2). 10.02 John Peel (S). 12.00-2.02 am As Radio 2.

VHF Radios 1 and 2—5.00 am With Radio 2, *including 1.55 pm Good Listening.* 10.00 With Radio 1. 12.00-2.02 am With Radio 2.

RADIO 2 1,500m and VHF

5.00 am News Summary. 5.02 Ray Moore (S) with The Early Show, including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 John Timpson (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.45 Sports Desk. 2.02 David Hamilton's Royal Ascot Special (S) including tennis, golf and cricket news. 4.30 Waggoners' Walk. *4.45 Sports Desk.* 4.50 John Dunn (S) including 5.45 Sports Desk and 6.02 Cross-Channel Motoring Information. 6.33 World Cup Sports Desk. 7.02 *Country Club (S) including* 7.30 Sports Desk. 9.02 Folkweave (S). 9.55 Sports Desk. 10.02 Wit's End. 10.30 Star Sound Extra. 11.02 Peter Clayton introduces *Round Midnight*, including 12.00 News. 2.00-2.02 am News Summary.

RADIO 3 464m, Stereo & VHF

‡Medium Wave only

‡6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Cherubini (S). 9.45 Violin Recital (S). 10.25 John Dowland (S). 11.05 Bournemouth Symphony Orchestra part 1: Wagner, Berg (S). 11.55 *Interval Reading*. 12.00 Concert, part 2. 1.00 pm News.

RADIO 4

434m, 330m, 285m and VHF

BBC Radio London

206m and 94.9 VHF

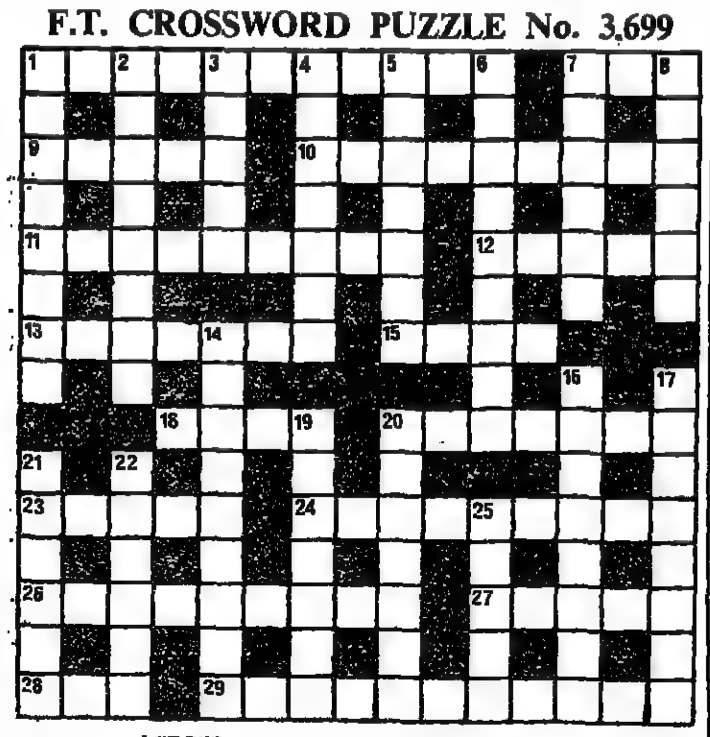
London Broadcasting

261m and 97.3 VHF

Capital Radio

194m and 95.8 VHF

F.T. CROSSWORD PUZZLE No. 3,699



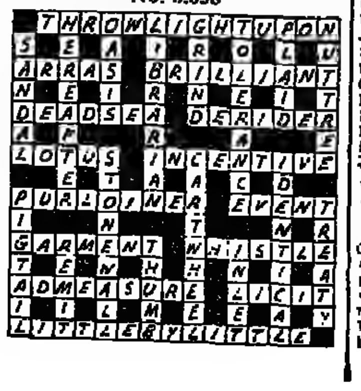
ACROSS

1 Camelot in Edinburgh (7, 4)
7 Hair style making a change (3)
9 Rowdy part of golf course (5)
10 Interminable month for funeral music (4, 5)
11 Georgia poet in oriental coat (9)
12 Material to cultivate outside Welsh capital (5)
13 Eccentric led turn to bowl at Lords (7)
15 Bound to be drawn (4)
18 It is comforting to return weapons (4)
20 *Pledged prisoner*, to reach landlord on time (7)
23 Rotter about to join nucleus (5)
24 Fancy having to give details (9)
26 Intelligence by the way needed to avoid accidents (4, 5)
27 Cheese on right of pipe (5)
28 No good coming back the same (3)
29 Produce you and I will end happily (4, 3, 4)

DOWN

1 Claim entrance to Cockney public school (8)
2 Without doubt member of boat-race crew is loyal (4, 4)
3 Doorkeeper beheaded person *calling for silence* (5)
4 To sigh is super for a change (7)
5 Hesitation over poem National Trust finds wearing (7)
6 Agency typist puts lock on siren (9)
7 Boat is fit for willing Dickensian (6)
8 See how to become part of ship (6)
14 Comprehensive service tabled for consumers (6, 3)
16 *Heaven is in procession* (8)
17 Transporter in grain is brainy (8)
19 *Key man inclined to become* collector (7)
20 Man with a power to prohibit *stop at sea* (5, 2)
21 Afraid somebody to begin with felt concerned (6)
22 Post-Victorian King Lear (6)
25 Heavenly path taken by gold piece (5)

SOLUTION TO PUZZLE No. 3,698



ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the box office.

OPERA & BALLET

THEATRES

CINEMAS

CLASSIFIED ADVERTISEMENT RATES

Leonard Burt

Peter Postlethwaite, Maggie Shevlin, Ewan Stewart and Rachel Bell

Royal Court

Flying Blind by MICHAEL COVENEY

Bill Morrison's savage farce of Belfast life first burst about my ears at the Liverpool Everyman last November. A second viewing, in a new production by Alan Dossor, does nothing to diminish my admiration. The hero, Dan Poots, is a pharmaceutical rep unable to cope with terrorism on the doorstep and domestic strife within.

I likened him to Simon Gray's character in *Otherwise Engaged* who keeps reality at bay with a recording of *Parsifal;* Dan resorts, more convincingly in Peter Postlethwaite's superb performance, to Charlie Parker. He recounts to a panic-stricken "man of violence" that Parker, having fallen out on the bandstand with the great pianist Bud Powell over which number to play, stepped up to the microphone and yelled his companion's name 14 times until the people left.

That scream is re-enacted by Dan at the play's end as his failing marriage is patched up in an Ortonesque finale of carnage, nudity and recriminatory explosion. By this time, Dan's best friend, a disillusioned Labour politician who has countered threats on his life by arming himself with an unloaded revolver, has symbolically failed to make contact between the sheets upstairs with Dan's wife. In turn, Liz Poots's signal for help to an old university chum has resulted in the descent on a paralysed household of an earnest sociology lecturer who quickly diverts his sexual attention from Liz to the resident teenage nanny.

The sexual intrigue is further complicated by the intrusion of a nymphomaniac neighbour (strongly played by the excellent Rachel Bell) who tells Liz of a bizarre conjunction with an equally married, equally frustrated, opposite number. She makes a bee line for the lecturer but finds her true role in disarming a couple of avenging Catholic terrorists by stripping off and shaking her bosom. As a result, she finds herself thrown together with Dan in a conveniently onstage Wendy House while the action accelerates to its macabre, very funny, conclusion.

Festival at St. John's

by MAX LOPPERT

On an evening such as Tuesday, when balmy midsummer twilight streams through windows fringed with trees, it is the easiest and almost the pleasantest thing in the world to celebrate the growth of St. John's Smith Square, into one of London's indispensable concert halls. There is currently also a more pertinent reason for doing so: the building was consecrated 250 years ago, and a ten-day festival of music and poetry commemorates the anniversary. The attractive list of programmes has been devised to display to advantage the many kinds of music accommodated by the reverberant but not over-reverberant St. John's acoustics and welcomed within its intimate and civilised space.

Naturally enough, the Orchestra of St. John's plays a leading part in the festivities—under its conductor, John Lubbock, it undertakes the opening and closing concerts. On Tuesday, the principal orchestral business of the evening was the accompaniment of the soloist, Gidon Kremer, in three works — two violin *morceaux* (Schubert's Polonaise for violin and orchestra, Beethoven's *Konzertstück*) and the first British performance of the Second Violin Concerto (1966), by Alfred Schnittke (b. 1934). As overture, there was an easy, lightly weighted account of the *Unfinished* Symphony, a little short on Schubertian clarity in the blend of wind sonorities. (One of the things for which the St. John's sound has proved not absolutely ideal is a clear delineation of inner parts in classical symphonies.)

The small amount of Schnittke's music that we have been allowed to hear in this country suggests that he is the most substantial composer of the Russian middle generation, perhaps even the most significant since Shostakovich. This remarkable concerto, colourfully laid out for its small-orchestra forces, strengthens the impression. While the sections of its unbroken single-movement form recall those of the traditional concerto, they are organised in a "scenario" of contrasts and dramatic confrontations between soloist and members of the orchestra. This manner of concerto-writing has become familiar over the past two decades; but Schnittke's employment of it is entirely fresh and inventive.

A solo violin cadenza announces the action, sawing up and down from a repeated low G until it settles upon a characteristic interval, that of a major seventh. A gripping succession of orchestral events tests the soloists's essentially self-communing personality: imitations by the string section; a kind of percussion barracking: the casting of a double bass (Barry Guy) as leading opponent. All the roles are bitingly characterised, with the gift of concentrating instrumental dramatic gesture that puts one in mind of the very different series of concertos by Thea Musgrave. The close is especially striking: the violin leads the orchestra in a wild *moto perpetuo* which suddenly subsides into a slow, eerie processional, like a distant funeral *cortège;* the soloist harps on his major seventh. Dazzling playing by Kremer: assured support for Mr. Lubbock and his orchestra.

Record Review

Turangalîla by MAX LOPPERT

Messiaen Turangalila Symphony. Bérof (piano), Loriod (ondes Martenot). London Symphony Orchestra/Previn. EMI HMV SLS 5117 (2 records in box). £7.95

Prokofiev Third Symphony. Scythian Suite. London Philharmonic Orchestra/Weller. Decca SXL 6852. £3.99

Prokofiev Sonata. **Reger** Chaconne. **Bartok** Sonata. Holmes (violin). Argo ZK 36. £2.50

Shostakovich Suite on Poems of Michelangelo. Shirley-Quirk (bass-baritone) / Ashkenazy (piano). Decca SXL 6849. £3.99

Maxwell Davies Dark Angels. De Gaetani (mezzo) / Ghiglia (guitar). **Wernick** Songs of Remembrance. De Gaetani/ West (oboe etc.). Nonesuch H-71342. £2.99

Of the batch of records issued to mark Andre Previn's decade as conductor of the London Symphony Orchestra, the two-disc album devoted to the *Turangalila Symphony* is easily the most significant. Previn has often seemed a musician in whom deadpan professionalism presides over other interpretative qualities. It was not to be predicted that he would rise to a 10-movement symphonic celebration of "Love fatal . . . irresistible, transcending all, suppressing all outside it," a work in which the union of religious rapture, sexual ecstasy, and cryobantic frenzy is achieved on a vast and uninhibited scale, with such panache. Here is a *Turangalila* in which brilliance and security, gorgeousness of tone and vividness of detail are are all successfully balanced on record. The previous issue of the symphony, in which the Toronto Symphony was conducted by Ozawa (no longer available), may occasionally have boasted greater elegance in the moulding of melodic lines; but for an overall view of one of the century's most generous musical outpourings, this LSO rendering sweeps all before it.

At the heart of the performance lies the masterly assumption of the piano part by Michel Béroff: marvellously incisive while sustaining a *concertante* role against batteries of brass and percussion (but has the recording aided him in this?—splendid in range and density, it seems often to place the piano in an artificially forward position within its frame): crystalline, vivacious, conveying a wide range of shimmering colour in his solos. The "Jardin du sommeil d'amour" is not defused by the cool delicacy, *très modéré, très tendre* as the score directs, with which orchestra, ondes Martenot (Jeanne Loriod, as ever) and piano are combined. On the contrary: its F sharp major delights are headier than ever. As an introduction to Messiaen, this could hardly be bettered. I wish Mr. Previn would now tackle *Chronochromie*

Prokofiev's Third Symphony, with its massive orchestral forces working up a huge head of steam, must be no less difficult to capture on disc than Mesiaen's symphony. The Decca issue proves no less spectacular in reproducing its full breadth and thundering depth—only in the thickest instrumental aggregations of first and last movements is there ever felt a touch of congestion. In more important ways, however, the performance can be deemed only a partial success. Walter Weller leads the London Philharmonic with notable sureness; the proportions of the piece are clearly surveyed. Yet there is a crucial want of natural dynamic propulsion, of sharp edge and thrust to the instrumental timbres; an alien, conventional kind of expressivity informs the lyrical music (above all the nagging, fervidly exotic lines of the slow movement) The Third Symphony is in many ways the peak of what could be called the "futurist" Prokofiev: Weller rather too comfortably tempers its special atmosphere of nightmarish mechanical energy and dark, mystical exaltation. I don't think the *Scythian Suite* was a very good choice of fill-up: too much ear-bashing for one record.

The seldom-encountered Prokofiev sonata for solo violin, Op. 115, is a work of approachable, transparent lyricism, drained of almost every harmonic and textural barbarity of earlier times in a manner typical of late Prokofiev. What appears thin in a first hearing is discovered to have gained allusiveness and resonance in a second—it is in this respect rather like the ballet, *The Stone Flower.* The work joins Reger's deterringly copious Chaconne and the unfailingly magnificent Bartok sonata (occupying side 2) on an interesting, ambitious, and eminently worthwhile record of solo violin music, all of it Bach-inspired, by Ralph Holmes, to whose technical solidity the enterprise provides thorough testimony. His playing sometimes lacks the additional degrees of character—greater playfulness in Prokofiev's third-movement waltz rhythm, a more throatily passionate response to Bartok's folk-influenced finale—that would transform the record into a bold exhibition of violin virtuosity. Even so, it offers substantial rewards.

The HMV record of Shostakovich's Suite on Poems of Michelangelo, Op.145, in the composer's later scoring for singer and orchestra, was reviewed last year on this page. Now Decca brings forward a performance of the original version, with piano. The merits of both are powerful, and equally arguable. The piano, especially when so authoritatively played as here by Ashkenazy, is the "black-and-white" of the music, and where the austerity of the vocal lines requires close focus, black and white are the more appropriate colours. In the outbursts of anger (fifth and eighth songs) and in the childlike radiance of the last, "Immortality," the fuller emotional range of the orchestra is welcome. In either manifestation, the Suite is experienced as one of Shostakovich's consummate masterpieces. But the HMV disc is, in one respect, unsurpassed. John Shirley-Quirk's soft-centred bass-baritone can hardly match the majesty of Yevgeny Nesterenko's bass, and the grandeur of his Russian utterance.

Dark Angels (1974), Peter Maxwell Davies' bleak and very beautiful short song cycle for mezzo-soprano and guitar on poems by George Mackay Brown, boils down to an essence the quiet, desolate nature poetry and stripped-to-the-bone lyricism of the composer's Orkney compositions. It is wonderful to have the piece truly sung, from the top to the bottom of its two-and-a-half octave range, by Jan de Gaetani—and sung, moreover, in floating, disembodied tones of a purity rarely heard in contemporary vocal music. (The American accent is strong, and on five occasions, Miss de Gaetani is unfaithful to the Boosey and Hawkes score, either musically or else verbally.) Of Richard Wernick's *Songs of Remembrance,* settings of Pythagoras, Horace, Virgil, and Herrick for voice and shawm, oboe or cor anglais (Miss de Gaetani's versatile husband, Philip West), I made much less: good ideas dragged out well beyond their natural potentialities.

Books Page will appear on Friday

Albery

Roy Hudd by MICHAEL COVENEY

Yesterday lunchtime, Roy Hudd led an innocuous little programme of music-hall gems as a contribution to the fund-raising efforts for the re-opening of Wilton's Music Hall. Ever since the Half Moon lost out on the bid for Wilton's in the East End, the music-hall aficionados have been busy drumming up support. I am afraid that they will not win many new friends by such moribund displays of what they have to offer an unsuspecting public.

A different bill is to be presented on the coming three Wednesday lunchtimes but, for £1.30, customers should feel entitled to more than Mr. Hudd reciting fom a clip-board and digging the music hall's latest grave with a few paragraphs of potted history, even if a bottle of beer and a banger is rather half-heartedly thrown in. The crucial point is made by evoking the ghost of Gus Elen (of "It's A Great Big Shame" fame) to remind us of the umbilical cord of Cockney contact between a performer like Elen and his audience. Such contact no longer exists outside a minority caucus of the nostalgic faithful.

A red curtain is slung across the *Oliver* set and footlights installed onstage. Mr. Hudd is his usual, engaging self, resplendent in a large pink tie with pin. But he only comes into his own with some delightful Billy Bennett monologues. Gillian Burns (Nancy in *Oliver*) was miscast as Marie Lloyd and predictably sings "My Old Man;" Eileen Bell had a good time in Peggy Mount-style slow burns, delivering Vesta Victoria's "The Jilted Bride" (or "Waiting at the Church") in full bridal panoply.

Resident dramatist

The Arts Council has approved a grant to Hampstead Theatre Club for the appointment of the playwright, David Halliwell, as resident dramatist.

David Halliwell was born in Brighouse, Yorkshire, and studied at the Huddersfield College of Art, which provided the inspiration for his play, *Little Malcolm and his Struggle Against the Eunuchs.*

Leonard Burt

Manolita and Rafael Aguilar

Sadler's Wells

Fiesta de España

by CLEMENT CRISP

The first half of *Fiesta de España,* installed in Rosebery Avenue until the end of the month, has a lot to recommend it. It is, first and foremost, one of the best dressed—in matter of authenticity and care of preparation—of Spanish dance troupes, and it pays due care to finding a wide range of regional items to hold our interest. I must in fairness note that my habitual reaction to any sort of folk art is despair: abroad, when asked to look at hopping peasants, I tend to suggest that time is better spent looking for a good restaurant. But I can record that the present ensemble has an unspoiled air, and the items are none of them too long.

The ostensible stars are Manolita, a dignified performer after the fashion of Pilar Lopez, and Rafael Aguilar. My own interest was far more held by a young dancer identified for me as Giulliermo Arroyo. In a pretty *Jota Valenciana,* with three charming girls, he demonstrated that quality of dancing that transcends all barriers of style and nationality. A brilliant quickness, an electric response to rhythm, a fullness of muscular tone, all revealed him as an artist whose temperament is fully expressed through movement: he is well worth watching.

Elsewhere in the first part of the programme there are plenty of costume changes, some very quaint hats, and a generally bonhomous air as feet fly and castanets chatter. The second part of the evening is the obligatory Cuadro Flamenco, with a great deal of stamping, glowering from under matted locks by the chaps, and swirling ruffled skirts for the girls. It is good of its kind—as is the whole evening — and the *aficionados* will need no urging to see it. As a bonus to the performance the Humphrey Bassoon Quartet plays dance music on stage before curtain rise: I enjoyed their account of some Renaissance dances very much.

Osvaldo di Pianduni (centre) in 'The Gipsy Baron'

Vienna's other opera house

Squirms of well-bred English embarrassment would probably prevent the naming of any London institution as the People's Opera House, but in Vienna the Volksoper flourishes. It is not smart or international or in any sense a tourist attraction as the Vienna State Opera is. It is located well outside the central area, involving a 20-minute tram ride or a rather expensive taxi. But it makes you welcome, not least because every printed programme carries a full synopsis of the work in English. A superior seat costs about £10, about one-third as much as at the State Opera.

As is to be expected in the city of Johann Strauss and Lehar, operetta is a mainstay of the Volksoper. It does not come merely as a Christmas romp, like the English National Opera's Offenbach. And whereas the ENO's audience seems to have turned up its nose at Sullivan (even in an exquisite production like John Cox's *Patience*), a Viennese audience of mixed ages could still revel on a recent Sunday night in the charm and boisterousness of Johann Strauss's *The Gipsy Baron,* with Osvaldo di Pianduni as a handsome and strong-voiced tenor lead.

But the Volksoper presents as many "straight" operas as operettas, with a range from Mozart to Britten's *Albert Herring* (in German, naturally). Next season Prokofiev's *Love for Three Oranges* is promised, with Jaroslav Krombholc of Prague as conductor, and Georgi Ansimov of the Bolshoy, Moscow, as producer. Throughout, the lighter and more lyrical repertory is favoured. Thus while the English National Opera with such works as *The Ring* and *Aida* has converted itself into an alternative big-opera company by the side of its more highly-subsidised sister, the Volksoper remains a complementary small-opera company such as London no longer has. The Volksoper moreover enjoys a moderate-sized auditorium (about 1,500 seats) in which I never noticed voices put under strain in order to withstand the orchestra.

The State Opera and Volksoper both come under Austria's central State theatre administration, as does the Burgtheater (equivalent of Britain's National Theatre). All share a central workshop for scenery and costumes, and the contracts of certain singers provide for their appearance at both opera houses. The presence of Walter Berry, known internationally as well as at the State Opera, sharpened my anticipated pleasure in what must count as a rarity for any non-Austrian opera-goer, Franz Schmidt's *Notre Dame.*

Anticipation was unfulfilled. *Notre Dame* (first performed in 1914, in Vienna) is as bad an opera as I have ever seen on the stage of any major theatre. Imagine Richard Strauss without any of his harmonic twists and you may imagine this predominantly slow, irredeemably dull piece. As composer and joint librettist, Franz Schmidt (1874-1939) gave no character a sufficiently forceful and continuous interest. As the hunchback of Victor Hugo's original story, Walter Berry walked unconvincingly and was not in impressive voice; more urgency was conveyed by Ernst Gutstein as the villainous, guilt-ridden Archdeacon of Paris. I liked also the youthful tenor of Josef Hopferwieser. The evening's most striking feature was the realistic, solid-seeming scenery of Günther Schneider-Siemssen, whose *Ring* designs for Covent Garden are well remembered.

The opera was slackly conducted by Franz Bauer-Theussl, a veteran of the house who also delivered *The Gipsy Baron,* demonstrating his confidence in the performers at one point by simply folding his arms and beaming. Confidence is all very well; ragged orchestral entries are not. But the true, unforced Viennese lilt of Strauss's vocal melodies came over delightfully, with a cast that was agreeable in voice and good to look at.

My third evening at the Volksoper proved the most enjoyable of all—a charming performance of Suppé's *Boccaccio,* a classic operetta of Strauss's own period (1879). It was not hurt by being produced with one or two deliberate anachronisms, even a reference to Austria's poor football performance in the World Cup being inserted by the accomplished leading comedian, Erich Kuchar. Using a doubly revolving stage, the operetta was picturesquely staged with scenery by Walter Hoesslin, and splendidly conducted by Herbert Prikopa, better known as one of the company's principal comic tenor singers.

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Work sharing in context

IT IS now clear that trade union demands for measures aimed at work-sharing will form an important part of discussions leading up to the next pay round, as similar demands have done in Germany, Belgium, the U.S. and several other countries. The basic logic of the idea is perhaps clearest in countries where there appears little hope of restoring the growth rates experienced since the war; here it makes obvious sense to consider taking part of the reward of future productivity improvements in greater leisure rather than greater output per man. It is not surprising that the idea is under study in the EEC and the OECD.

Flexible

The British record does not, unhappily, inspire any great confidence that the productivity improvement which would maintain real output in a shorter week can be achieved: but since any job creation saves substantial sums in the public sector, the idea could still be worth pursuing if it produces returns in other respects — notably a more reasonable attitude to money wages and a more flexible attitude to productivity itself. If it simply adds to costs, on the other hand, a shorter work week is just as inflationary as any other excessive claim, and will destroy jobs rather than create them.

At first sight the discussions seem to be getting off to the worst possible start. The TUC sometimes seems to regard the 38-hour week, with 35 hours to come, as a philosopher's stone, turning confrontation to harmony and wealth: the CBI is deeply suspicious that the whole exercise will result in nothing but an extension of overtime working. Both sides are lobbying intensely.

However, on closer inspection the positions are not so rigid. The CBI is above all anxious that the Government should not make a shorter week a national objective in the next pay round. When so much hinges on negotiation, this is obviously sensible: if the next round is to be flexible, as everyone seems to wish (but as they also wished last year and the year before) it should be as flexible about hours as about pay.

The TUC in its turn is very open-minded in its own annual economic review about the possibilities—a shorter week, earlier retirement, extra holidays, sabbaticals, or readier release for further training are all canvassed. However, the unions want the Government to be involved even though it rejects Government dictation of the next pay round. This makes sense not so much because the state is a large employer as because the Government, through the potential saving in unemployment pay—a substantial sum according to official estimates—might be able to offer some fiscal sweetener. This would reflect the fact that the cost of a shorter week to the whole economy is less than the cost to employers.

While the economics of any scheme to reduce hours must be hazardous, certain guidelines can be suggested to avoid the more obvious risks. The first is that any concession should take a form which not only mollifies union officials, who like numbers and slogans, but is felt as a real benefit on the shop floor. In this respect the 38-hour proposal is unfortunate. An extra day off every month, or an extra two months paid holiday every fourth year—closely equivalent in percentage terms—are much more likely to be felt as a real gain. The second is that a spillover into overtime, which would simply gear up any rise in wage rates, must be prevented so far as possible in negotiation. Some of the thorniest problems could arise where there is already a shortage of important skills—the result, partly, of pay rigidity in the past.

Trial

Provided suitable care is taken over these and other pitfalls, greater leisure seems a perfectly suitable subject for bargaining this year—but not, given the difficulties, for centralised policy. Only careful trial will show whether leisure is an acceptable substitute for money, whether an improved working atmosphere results, and finally whether the supposed benefit in terms of new jobs is actually achieved. It is a matter for trial, not for doctrine from either side, or blue-sky commitment from Government.

The West and Africa

THE AFRICAN policy speech which was delivered by Mr. Cyrus Vance, the U.S. Secretary of State, in Atlantic City on Tuesday constitutes an important step in clarifying U.S. policy in this newly strategic area of the world. If we read Mr. Vance right—and unhappily there are still some doubts as to whether the Secretary of State was speaking for all the foreign-policy makers in the Administration—the U.S. would like to keep the African continent out of the "cold war" arena. The U.S., Mr. Vance indicated, would not try to "mirror" Soviet and Cuban activities in Africa. Instead, it would pursue wide-ranging and positive policies which would be designed to strengthen African independence. As evidence of this, Mr. Vance has declared that economic aid to Africa has been stepped up. And, he said, the U.S. would like to improve its links with Angola, both for the sake of U.S.-Angola relations and because Angola is strategically placed to influence events in Zaire, and in Namibia, its southerly neighbour.

Overheated

Mr. Vance's statement is welcome not only because it helps to clarify U.S. policy towards Africa, the subject of particular confusion in the last few months, but also because it introduces some cool and rational analysis to what has been in danger of becoming an overheated debate on overall western policy in the area. The physical threat to President Mobutu's regime in Zaire posed last month by the Shaba invasion undoubtedly faced western countries with an acute dilemma which, despite the retreat of the rebels, is far from over. Western governments seem bound to find it very difficult to monitor Zaire's use of their new aid; and if they cannot do that, and persuade Mr. Mobutu to introduce political and economic reforms, the regime will continue to be in danger from its opponents.

But, serious though it was, the Shaba invasion prompted responses from certain Western capitals which could be harmful not only to Africa but also to the West's longer-term interests in the Continent. It may be that Dr. Castro, the Cuban Prime Minister, or Dr. Neto, the Angolan President, could have done much more to prevent the Shaba incursion. But it was too readily assumed in some quarters that the Soviet Union was the sole motivator of the rebels, and this prompted a debate over whether the West should "intervene" as a counterweight to the perceived Soviet threat. The only intervention so far has been humanitarian, but the immediately hostile reaction of Tanzania's President Nyerere—whose relations with the West had hitherto been warm—to Western backing for a Pan-African Defence Force was but one indication of how independent Africa felt about the Continent becoming a "cold war" arena.

The aim of western diplomacy in Africa should not be to attempt to match the Soviets but, listening to what Africa itself says it wants, to aid African countries to find their own stability and their own prosperity. It would be idle to pretend that this is an easy policy, if only because economic aid takes time to produce results, and Africa's record so far is not particularly happy in this respect. But Western countries have to remember that every African Government is nationalist first and client state (of whatever bloc) second.

The West, even now, has a great deal more goodwill in Africa than the Soviet bloc, and there is certainly sense in the early remarks of Mr. Andrew Young, the U.S. Ambassador, to the effect that if the West plays its cards right, that goodwill will remain to strengthen political and economic relations. Apart from the possibility of another Shaba invasion, the testing ground for the future of Western-African relations will undoubtedly be southern Africa. Here, the West, led by Britain and America, can only pursue attempts to secure negotiated settlements in Rhodesia and Namibia while remaining aware that the problems posed by South Africa are in the end likely to prove even more acute.

EEC ministers yesterday failed to settle the row with Britain about fishery policy.

John Silkin: pike in the community pond

BY MARGARET van HATTEM in Luxembourg

Ashley Ashwood

Mr. Gundelach (left), the EEC Commissioner, and Mr. Silkin, the British Minister of Agriculture and Fisheries, at their meeting in London on June 12.

THE EEC Fisheries policy is in a mess. Negotiations for a common policy have been stalled since January because of British demands for guarantees in black and white of permanent preferential treatment. So far, not much harm has been done but things are getting worse. The absence of a formal agreement means that member states of the Community are not legally bound to respect quotas and conservation measures tacitly agreed among eight of them. The Irish and Dutch fleets are currently reported to be cleaning up the herring grounds off the west coast of Scotland in anticipation of a ban. Dutch, French, Danish and British vessels are said to be having a free-for-all in the North Sea. No one knows how much they are over-fishing because no one is obliged to keep an overall count.

EEC ministers who met in Luxembourg this week to sort things out packed up within 24 hours having made no progress, and knowing that they are unlikely to make any this year at community level. Eight member states are expected to continue more or less to observe the "gentlemen's agreement" reached in Berlin last January, under which they agreed to follow the Commission's proposals setting catch quotas for 1978. Britain, which was not party to this agreement, has indicated clearly that it will resort to national measures.

British entry

So after almost two years, the attempt to put together a common fisheries policy to share and manage stocks in the 200-mile Community "pond" has come to nothing. Eight years ago, a common policy existed in the then six-member community, covering coastal waters up to 12 miles. It was agreed in 1970, just as negotiations for British entry to the Common Market were beginning, and many considered it a pre-emptive move designed eventually to secure access to British waters for other Community fishermen.

Many also felt that the British Treaty of Accession to the EEC, which allowed the UK special rights in coastal waters until 1982, but not beyond, conceded too much. The move to 200-mile limits for fishing rights, which came into effect at the beginning of 1977, has changed the whole picture. The British feel that they have been trapped by agreements which did not foresee this development, and that they had, in effect, given away far more than they ever intended. Moves for a new common policy which would take into account the 200-mile limits began in 1976, but have constantly grounded on British demands, based on the argument that 60 per cent of EEC waters come within the UK 200-mile limit, and that Britain's share of EEC fish should reflect this. But some observers suggest that the real battle concerns the determination of the British to run a national policy—under a thin community smokescreen if the others care to provide it—and equally strong German determination to prevent it.

Observers suggest it may also have something to do with the political position of Mr. John Silkin, the British Agriculture and Fisheries Minister. It is hard to see how British fishermen benefit from the present stalemate. Virtually all major British quota and conservation demands put forward at the beginning of 1978 have been met and British fishermen stand to lose more than anyone else from the inevitable over-fishing under the present lax arrangements, and from the possible collapse of the present tenuous arrangements with third countries.

But in his role of defender of British coasts from Continental fishermen, Mr. Silkin enjoys wide support. In the Commons debate on fishing last week, Tories, Liberals, Labour MPs and Scottish Nationalists alike applauded his tough line. With most of the fishing industry, they appear to have accepted that the other eight are out to grab Britain's fish.

A year ago, it might have been possible to produce figures to back this claim. Today it is not. There is no real argument over the fact that most EEC fish come from British waters, that Britain suffered by far the greatest losses in third country waters after the move to 200 mile limits, that British demands for stricter conservation measures are mostly justified, and that British fishermen should get the biggest quota in the EEC pond. The Commission and the other eight members have made large concessions in the past 12 months and are prepared to concede *de facto* preferential rights to British boats in the disputed 12 to 50 miles coastal zone through the use of fishing plans, to license boats for specific catch quotas in specified areas.

Mr. Finn Olav Gundelach, the Agriculture and Fisheries Commissioner is willing to give a flexible interpretation of the Treaty of Rome. Last week in Strasbourg speaking to the European Parliament he said once again that "further modifications are possible" and that "preference can be shown where there is a reason for it." But Mr. Gundelach will not over-ride the letter of the law.

In essence, Britain is asking for written guarantees that from 1982 on, it will get quotas equal to virtually all the total allowable catch (TAC) within the UK's 200-mile limit, together with most of any increase in stocks that might accrue from conservation measures. This would include an initial 20 per cent of the increase in demersal species, such as cod, haddock, saithe and whiting, and 25 per cent of the increase in pelagic stocks (mackeral, herring and sprat) together with a share of the remaining increase roughly in proportion with its quota of overall stocks (for example, 73 per cent of the haddock). This share-out would be protected by a ratchet mechanism so that if stocks decline again other member states would carry the losses.

'Just a bit too far'

What makes this impossible is not the quantities of fish involved; the other eight are already prepared to allow Britain more than three-quarters of the TAC within its 200-mile limit and the rest is negotiable. But they will not, under any circumstances, sign away these fish stocks permanently and irrevocably. This, as Mr. Gundelach said last week, "goes just a bit too far."

Members of several national delegations, for all their huffing and puffing in public, understand Mr. Silkin's political problems. Though fishing is unlikely to be an election issue, Labour could pick up several marginal seats with predominantly fishing constituencies. Of the 22 Parliamentary seats attached to major fishing ports, nine are held with majorities of less than 6 per cent of the total vote (seven Tory, one Liberal and one Labour). A 3 per cent swing to Labour would bring with it five seats.

Whether Mr. Silkin or anyone who might succeed him would give ground after the election is far from clear. Last week's debate in the House of Commons shows much ignorance as to how the Community works. Several speakers called for a 50-mile exclusive coastal zone, a demand which the British Government itself abandoned a year ago. Other speakers assumed, wrongly, that Britain can impose all the national conservation measures it wants, providing they apply equally to everyone. National measures have to be "non-discriminatory" in effect as well as in wording, which is not the same thing.

National conservation measures also have to be demonstrably necessary and the country imposing them must first seek the approval of the Commission, though it does not have to wait for a reply. Some of the measures Britain is contemplating would almost certainly get Commission approval if carefully formulated. They include bigger minimum net mesh sizes, a ban on herring fishing off the west coast of Scotland, and an extension to the east by one degree of the Norway pout box, an area where the Danes have been fishing for species used as animal feed, but which has been closed to protect the breeding grounds of other species there.

European Court

But the Commission would almost certainly refer to the European Court measures such as a larger extension of the pout box or a ban on carrying nets of different mesh sizes on the grounds that they would be discriminatory in effect though not formally so. No member state has ever defied the court's rulings. Any British attempt to do so would provoke a crisis far bigger than the issues would seem to merit.

Unless the argument is resolved, the dangers of over-fishing and of damage to relations with third countries can only increase. Though Mr. Silkin dropped broad hints at his Press conference last week that there might be some "thinking aloud" about the possibilities of a bilateral arrangement when he visits Norway later this month, this is not being taken seriously. Mr. Gundelach lost no time warning that such a deal, formal or informal, would be referred immediately to the European Court of Justice. And it is felt that the Norwegians would think twice before taking sides in an internal Community dispute.

But Norway, Sweden and the Faroe Islands have made plain their resentment at being denied the security of formal agreements, and having to make do with month-by-month extensions of the present informal ones. Moreover, the absence of an internal regime means that the EEC cannot enforce quotas in the fish stocks along the 62nd parallel, an area jointly managed with Norway.

Though Mr. Silkin's tough stand early in the negotiations won valuable concessions to Britain, no further significant concessions appear possible. If Britain is genuinely interested in a common policy he may have over-played his hand. The strengthening British hostility towards the Community on the fisheries issue may not be easy to control: the man who ultimately negotiates the settlement may find it hard to dismantle the defensive structure Mr. Silkin is busily erecting.

MEN AND MATTERS

The oriental eyes on Emma

It will be such a typically British middle-class wedding at St. Mary's, Henley-on-Thames, this Saturday. Even the names of the bride and groom, Emma Lyle and Nicholas Talbot-Smith, might have come from a John Betjeman poem. The rural dean will be in the pulpit and down on the river the regatta will be in full swing. The unusual aspect will be the way in which 23 Japanese business executives will watch the marriage with rapt attention from two pews at the back of the church.

Having flown all the way from Tokyo for the occasion, the unlikely onlookers will also be grateful for the lecture the rural dean, the Reverend Michael Payne, will be giving them after the ceremony. For the 23 are leaders of the Japanese wedding industry. It is the dream of today's young couples in Japan, so it seems, to be joined together — give or take a few religious nuances — in just the style of Emma and Nicholas. Companies have sprung up, in Tokyo and elsewhere, to lay everything on in the English manner, from toppers and bridesmaids' gowns to the confetti and the wedding cake.

The "Henley spectacular" has been organised by Katharine Allen, who runs a London marriage bureau. She was approached by a Japanese travel agency after appearing on a TV programme about marriage. From the church she will lead the visitors and their interpreter to the elite Phyllis Court Club to watch three wedding receptions. The club's manager, Ian Bulloch, will give a talk on the finer points of such events. "It's a splendid time for them to come," he told me. "Henley is looking very regatta-ish."

It seems that the wedding business is on such an upswing in Japan that a man from De Beers has just been over there selling diamonds for engagement rings.

"It's either a cry for help or he's bidding at the von Hirsch sale!"

Divided we watch

The Israeli ambassador to London, three Arab envoys and the Palestine Liberation Organisation's representative were all under the same roof yesterday. Not for secret peace talks, but to see Thames Television's preview of next week's £220,000 three-part, four-and-a-half hour documentary on the British Mandate for Palestine.

But even the silver screen failed to bridge the gulf which was the subject of the programme. There were three separate showings—for the Israelis, the Arabs and for the rest. The latter was the largest and most historically interesting in that the audience included many former British officials and soldiers involved in the last days of the Palestine Administration.

The producers sidled discreetly from one darkened chamber to another, monitoring the temperatures of the spectators. When the showings halted for lunch, the three groups ate in different rooms. But in the British section there was at least some overlapping. Sir Harold Beeley and Sir Anthony Nutting, strong exponents of the Arab cause, chatted amiably over coffee with Viscount Samuel, who commutes between his Jerusalem home and the House of Lords.

The programmes will be shown from next week—at 10.30 pm. This is over an hour later than originally planned. Thames have decided that it would not be popular — or hopeful — enough for their peak viewing time.

It's a fine art

As the seven-day wonder of the von Hirsch sale ensures another boost to the profits of our art auctioneers, the Director of the British Museum, Professor David Wilson, has made a sobering appeal for a little charity from the two main salerooms. Speaking last night at the AGM of the National Art-Collections Fund, he said: "The razzamatazz now inherent in the two great salerooms has driven prices higher . . . At the same time a buyer's commission has been introduced which can make ridiculous holes in the museum's budgeting. Would it really hurt the major auction houses to waive this commission to museums who spend more than say £50,000 on a single lot?"

A reasonable point, you might think, given that in 1977 Christie's and Sotheby's reported total pre-tax earnings of £9m. When I put it to Christie's, their spokesman said imperturbably: "I don't blame him for having a go." But he insisted: "Don't think we don't help the museums."

I said I would not presume to think any such thought, then asked if it were true, as Wilson claimed, that many of the salerooms' senior staff had been trained in museums: Wilson suggests the auction rooms might like to return a little of the museums' investment in training through reducing the controversial buyer's commissions. Christie's were not impressed by this claim. They assured me that only one of their senior staff had been an assistant keeper at a museum, "We like to train our own people."

I was then given a long explanation of why they and Sotheby's had felt it necessary to introduce the buyer's commissions. This boiled down to the high costs of their operation, not least the need to spend £700,000 on catalogues each year. However, they assured me that they sent free catalogues to major museums. Also that they were friends of various museums and contributed heavily to the National Art-Collections Fund. They told me that they give no less than £10,000 to such causes—0.24 per cent of their pre-tax profits.

Sold a pup?

System X, the Post Office's new electronic switching gear, is none too popular with the PO's engineers, many of whom fear they will be out of a job—and one of whom has come up with the following question-and-answer tale:

What is the manning requirement for System X?
A man and a dog.
Why the man?
To feed the dog, of course.
Why the dog?
To stop the man touching the machinery.

Observer

ECONOMIC VIEWPOINT

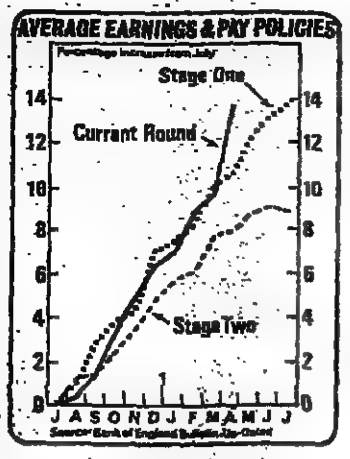
Common ground on incomes policy

MORE MONEY must be put into the hands of working people and their families according to the Earl of Gowrie, speaking for the Opposition in a Lords debate on Monday. Rarely can a wish have been so speedily granted. For on the very same day the Department of Employment published its July index showing that earnings had risen by 13.9 per cent in the first nine months of the Phase Three pay policy, during a period in which prices rose by only 5 per cent.

This ratio is good for living standards, but not sustainable for more than a few months. We are, as I explained in more detail in Monday's Lombard column, enjoying an old-fashioned home-market-led boom of the kind we have not seen since the early 1970s. But this time the stimulus has not been budgetary or monetary or anything that the Chancellor has done directly. It has rather been the rise in sterling in 1977 which held down prices despite the upward movement in British costs, but which has already gone into reverse.

Opponents of incomes policy will see in the latest earnings figures a further illustration of its futility. Supporters of incomes policy will regard them as one more piece of evidence of how desperately important such a policy is and how much harder we need to try to obtain it. Why not, however, move beyond futile debating points and try to establish at least some common ground rules for discussion between the two sides?

The first requirement for sensible debate is a reasonably restrictive definition of incomes policy. If every conceivable policy which influences pay and prices is called an incomes policy there is nothing left about which to argue. There is not much point in labelling as incomes policy the mere publicising of a target figure for the average increase in earnings, or even the canvassing of that figure with the TUC and other bodies. German politicians and economists confuse the issue



mightily when they use "incomes policy" to describe this kind of guiding light.

Such a guiding light may be a good or bad idea; it is a matter of tactics not strategy. It is an fact an appallingly bad idea in British conditions, as any norm is regarded as a minimum negotiating objective by all unions, as the 10 per cent one has been. It also leads to an otherwise unnecessary spotlight on breaches of that figure, especially in the public sector.

But well advised or not, the promulgation of a central figure is not the key part of incomes policy, in the controversial sense. Definitions are usually unsatisfactory, but to focus the discussion, I would suggest that incomes policy in the sense which divides people consists of:

- Sanctions or enforcement mechanisms to back up a pay norm; and
- An attempted deal with union organisations in which the Government undertakes policies, which would otherwise be considered undesirable, to ensure union acquiescence in a pay norm.

The way to establish ground is to shift the focus of the debate from inflation to unemployment. The one intellectually respectable—although in my view false—case to be made for pay controls is that they might in ideal circumstances reduce the unemployment rate. After all, proponents of such policies frequently say "monetary policy can control inflation, but at an unacceptable price in unemployment and lost output."

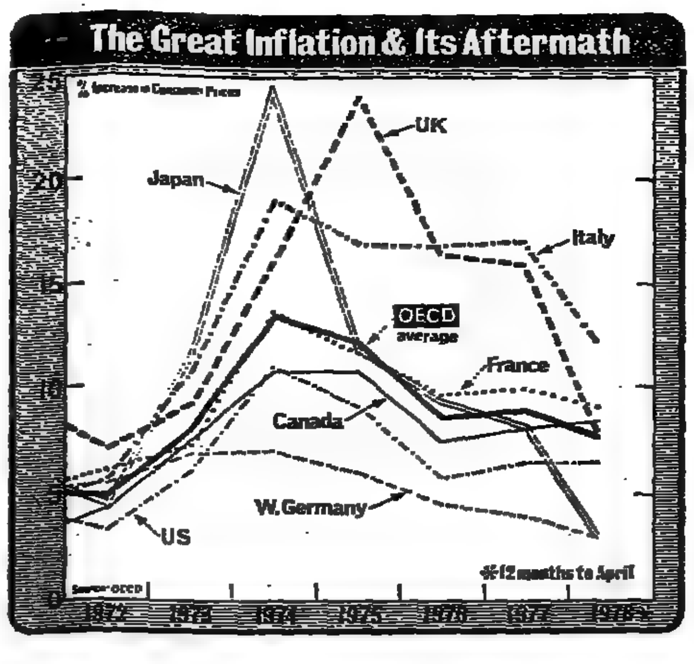
Let us accept the argument on these terms and ask whether pay controls really do lower the unemployment rate—not only the transitional unemployment usually associated with a reduction in the inflation rate, but also and more fundamentally the "constant inflation," or "minimum sustainable" level of unemployment at which the economy can be run in the longer term.

How about the many otherwise intelligent people who believe it "obvious" that pay policy brought down the rate of inflation from 24 per cent in 1975 to around 8 per cent now? If only British data were available this might seem plausible. But the larger chart reminds us of the world picture. All major industrial countries suffered from a price explosion in the mid-1970s; and all have reduced their inflation rates —although only Germany and Japan among the larger countries have approached price stability.

Of the countries shown on the chart, the UK and Canada have had pay controls for most of the period; the U.S. and Germany have not. The Americans abandoned them in 1973. France, Italy and Japan are more difficult to classify. France has had price controls and attempted pay controls, which French governments have themselves regarded as disappointing in their results. The Italians have centralised pay talks between employers and trade union organisations on matters such as cost of living adjustment. Japan does not have either pay controls or a centralised pay bargain; but there is endless argument about how its economy actually works.

The U.S. and Germany had a much lower inflationary peak in 1975 than the UK without the benefit of pay controls and subsequently moved down to lower levels of inflation than we did. Canada, with controls, has moved parallel to the U.S., but at consistently higher inflation rates.

It will immediately be said that UK pay policy should not be judged by avoidable past mistakes. But if we want to discuss better policies why stick to those involving pay controls? Why not look at the general economic policies which, without such controls, enabled the U.S. and Germany to avoid also a British type peak in 1975? And if you say that overall monetary res-



traint alone would have cost too many jobs, the argument is at least switched back to the right place: does income policy allow the economy to be operated at a lower level of unemployment or does it not?

Has then pay policy lowered unemployment? The difficulty of the question is that there are so many thousands of influences on the unemployment rate that it is difficult to isolate any one of them. If we want to attribute to pay policy the 190,000 drop in adjusted unemployment since last year's peak, can we absolve that policy from the earlier rise of over 500,000 from the beginning of Phase One in July 1975 to an all-time high of nearly 1½m? And in the pay policy years, British unemployment has moved from substantially below to well above the OECD average.

There is no choice then but to go back to first principles. Any macro effects of pay policy in reducing average earnings will also reduce unemployment below what it would otherwise have been. On the other hand the micro-effect of pay policies in interfering with relativities and differentials raises the unemployment rate. Attempts to raise the relative wages of lower paid workers above the market-clearing level will price them out of jobs. On the other hand shortages of skilled workers, who are paid below the going rate, will reduce the level of activity to the detriment of employment.

Another and perhaps even more important adverse influence on employment arises from the policies by which union support for pay restraint is bought. Price controls, dividend controls, or disincentive personal taxation may make the more affluent unhappy. But they also increase unemployment. Some of these measures aim to raise real wages relative to profits. This may be all very well for those who retain their jobs, but the net effect is to reduce the demand for labour here and now. Even more important is the longer term effect in increasing the uncertainties surrounding investment.

Organisations such as the CBI or German leaders who give us economic lectures would like to have the wage restraint without the distortion of relativities or the accompanying policies. This is crying for the moon. Why should union leaders settle for less than they could otherwise get, unless they get some other measure in return?

There is a plausible case for saying that in a pay policy of the short-term emergency type, the beneficial main effects restraining average wages may outweigh the harmful distortions. Thus the case for the £6 pay limit of July, 1975, was less weak than for each of its successors. I will not go beyond "less weak," because a single phase cannot be judged in isolation from what was likely to follow from it, especially when the economic establishment assuredly saw Phase One as merely a step towards a permanent policy.

In any case, the longer a pay policy goes on, the more the specific distortions predominate over any overall restraint and the more clearly harmful the policy becomes to employment. Indeed it is extremely doubtful if there have been any beneficial effects on average wage settlements after the initial 1975 clamp down.

All the signs are that Phase Three has led and that Phase Four will lead to a larger increase in pay than what we would expect from relying exclusively on monetary and fiscal policy. Let us suppose the Bank of England were to have its way with an 8 per cent earnings limit which would soon become a settlement norm. On top of this would come normal wage drift, plus the catching-up that the public sector unions are demanding, plus the very high cost of even a small move towards the TUC demand for a shorter working week. The Prime Minister's hint about more scope for relative adjustment will further push up the average.

If we look beyond cyclical fluctuations, the level of employment depends crucially on how close wages are to market-clearing levels. It also depends on whether there is enough industrial and other capacity to provide full employment. Of course, the labour market works very imperfectly even without pay controls. But can one believe that existing pay controls which bring politics, horse-trading and consideration of face into every wage decision make them work any better? In any case the beginning of wisdom is to realise that in the longer term at least, pay policies have nothing to do with inflation and are to be judged by their effects on the labour market and on employment levels.

Samuel Brittan

Letters to the Editor

Currency stability

From Mr. W. Grey

Sir,—Those who plead for greater currency stability through membership of the existing (or a reformed) European currency club do not, as suggested by Samuel Brittan (June 15), favour "forcing exchange rates back" into a strait-jacket. They favour, on the contrary, a style of economic management aimed at continually balancing the economy in such a way that exchange rates, left to themselves, are by and large, or as nearly as makes no difference, kept stable.

Steering the economy by the exchange rate, and making its stability the touchstone of economic policy in this way—rather than the other way round of making the exchange rates the economic whipping-boy—should also dispose of the charge that advocates of closer European economic and monetary union are putting the cart before the horse. Indeed, just as a stable exchange rate is the hallmark of economic virtue (both of living within one's means and of making the most of one's resources), so its discipline provides the most powerful possible incentive for countries to keep their policies, and not merely their currencies, in line with each other.

Making exchange rate stability, with its simple and instantly recognisable warning signals, a top priority of sound economic management is best calculated moreover, to forestall the very things — official intervention, restrictions on trade and capital flows, and ultimately "forced" devaluations—which Mr. Brittan rightly abhors. Can we ask for more?

W. Grey.
12, Arden Road, Finchley, N3.

The costly illusion

From Mr. Hubert Collier

Sir,—On scanning my rate demand I note that by far the weightiest component in that engine of oppression against the self-respecting and independent is the bill for what is described with bland official effrontery as "Education." But my experience is that most shop-assistants cannot do mental arithmetic and must needs cipher with pencil, paper and furrowed brow; that no one under 40 is likely to have any useful French or German, nor yet the ability to write English with clarity, precision and apt choice of phrase; that the ineptitude of our senior scholars in the face of farcically simple arithmetical computations is a matter for almost wearisomely regular animadversion in the national press: that anyone able to translate a Latin inscription stands above his fellows with the monumental magnificence, the sublime and solitary splendour of Nelson on his column!

Yet our collective tribute to Minerva is no light one. Why do we lay abundant offerings at the feet of the goddess of learning, wisdom and the arts, yet visibly reap so little of any of these things? Social history yields a clue. In the climate of falling wages in the wake of the Napoleonic wars, bread became cruelly expensive for the labouring classes. Ricardo explained that the high price of bread reflected the costs involved in cultivating land so poor that in centuries when population pressed less cogently on resources it would have been left waste.

Can it be, by a parallel span of reasoning, that the equatorial expansion of our education bill reflects the money wasted in trying to make scholars and pundits of academically ungifted children who will never learn more at school than the three Rs, and ought to leave when they have done so, instead of being kept, bored resentful prisoners, encapsulated in uncomprehending futility?

Since a growing population had to be fed, our forefathers had no choice until the Corn Laws were repealed but to cultivate bad land; but we are under no like compulsion to till the stony patches of our educational fields. By insistence on ceasing to do so we could lift a pressing weight of the rate burden from our long-suffering shoulders without any visible diminution of our national education levels—which are certainly lower than they were 50 years ago.

Of course it is anathema to our socialist-minded beaurocracy to admit that one child is naturally a better scholar than another. In the daylight of that admission the moral indignation of socialism tends to evaporate, leaving an unlovely residue of envy and the sense of inferiority. But it happens to be true: by pressing on with the contrary hypothesis we set no limit but our patience and our pockets to the money we can waste.

Hubert Collier.
19, Lullington Garth, N12.

Finance for small firms

From Mr. Roger H Stanway.

Sir,—For two and a-half years I have chaired a study group of the Business Graduates Association looking at the problems of financing smaller businesses and we have just published our 140-page report entitled "Small Firms — A Fair Crack of the Whip." We have reviewed events and research findings since the Bolton Committee made its recommendations in 1971 and despite the continuing dearth of facts about the dynamics of the small firms sector we have tried to trace cause and effect in the hope of reaching the right conclusions and recommendations. Banks may well be too security-conscious when considering medium-term loans to small firms, but it is Mr. Healey and Mr. Lever who have the power to create the necessary tax incentives.

The recent budget proposals are helpful but do little to tap the voluntary and forced (pension) savings of the private individual. Also, we need to encourage large organisations to hive-off potentially profitable small businesses within their midsts to existing managers or outsiders. The present beneficial group-taxation provisions and the restrictive terms of S.54 of the Companies Act 1948, which prevents the use of a company's assets as security for a loan to assist in the purchase of its shares, combine to frustrate the desirable fragmentation of some giant organisations. The UK's high level of industrial concentration needs to be reduced as soon as possible.

Roger H. Stanway.
Chairman, The Business Graduate Association Study Group on the Financing of Small Firms.
87, Jermyn Street, SW1.

Imports and exchange rates

From Mr. J. A. de Havilland

Sir,—In his letter which you published on June 19, Mr. T. H. Russell puts forward an ingenious theory on the relative level of corporation tax on the one hand and of income-tax on the other.

In developing his argument that income-tax is already low enough in relation to corporation tax he writes "over the past few months with the increase in the sterling exchange rate imports have become less expensive in this country." From where do these thus cheaper imports come?

I know of no country except Norway and a few in Latin America, against whose currencies sterling has risen in 1978; on the contrary, against the yen and the Deutschemark its devaluation since the turn of the year has been an average of 16 per cent, while even against weaker currencies, namely, the S. dollar and the Italian lire, it has fallen by around 5 per cent.

J. A. de Havilland,
Shimpling Hall,
Bury St. Edmunds, Suffolk.

Which tax to reduce?

From Mr. S. W. Penwill

Sir,—Mr. T. H. Russell, while to some extent correct in his letter of June 19, simplifies matters too much and arrives at an unrealistic solution.

In the first place he ignores the fact that the existing high rates of taxation do discourage endeavour, even in the so called "working classes" who often find it more profitable to take time off from their official jobs and spend it "moonlighting." It certinly, to my personal experience, discourages entrepreneurs from risk-taking and consequently has an effect on employment.

The mere reduction of corporation tax will not of itself cause corporate bodies to invest in unnecessary plant—and they will normaily replant whatever the rate of tax, but because of high taxation are often forced to borrow, from banks or by rights issues, to do so. New plant usually means improved and cheaper methods of production caused by the saving of labour and initially, if it is to have the desired effect on the economy, means temporarily adding to unemployment until the reduced costs result in added demand. The Government apears at last to be giving lip service to the situation but some of the trades unions still have to bring themselves into the second half of the 20th century.

S. W. Penwill,
158, Fenchurch Street, EC3.

Second class and worse

From Mr. A. C. Berry

Sir,—One often hears the Post Office proclaiming the speed and efficiency of its first-class letter service but seldom a mention is made of the much more widely used second-class service. The latter according to my personal and business experience, is slowly but surely deteriorating into a third-rate imitation of what it was originally supposed to be.

When the second-class service was first introduced, the public was led to believe that it represented, on average, one extra day's delay in the delivery of the mail, i.e. two working days from the date of posting. It was later soon discovered that the normal transit time had lengthened to three days and, now, by the Post Office's own admission, they expect second-class mail to take up to four working days to deliver.

As I suspect that neither Saturdays nor Sundays are regarded as "working days," a letter can in fact take six days or more, to deliver which, in today's fast-moving and technological world, is little short of a disgrace. At my place of work, we regularly receive letters on a Friday which bear the previous Monday's postmark. How long will it be before even this appallingly slow service is stretched to a week or more?

It is no consolation to be assured by the Post Office that our delivery service in this country is second to none. The fact remains that we used to have a much better and quicker service years ago and it is deliberately being allowed to deteriorate. That is the scandal that we should be looking at very seriously indeed.

A. C. Berry.
21, Traherne Lodge,
Walpole Road, Teddington,
Middlesex.

Sewerage and water charges

From the Director of Finance, Thames Water

Sir,—Mr. Thirkell in his latest letter to you (June 14) states that he did not find my letter in the least bit helpful. He has returned to the attack by suggesting that both the leaflet and my letter were intended to deceive. May I make the following comments:

(1) The increase in total income from charges for the current year is 7.2 per cent. The average increase in charges for individual services are water supply 10.5 per cent. and sewerage 4 per cent.

(2) The above charges are payable by all sectors of the community including industrial and commercial customers as well as householders on whom Mr. Thirkell has concentrated entirely. In fact, in this year, just under 50 per cent. of our income will be raised from the domestic sector.

(3) Because changes in our charging policies were applied this year, there are necessarily increases above and below the average quoted in (1), as well as reductions in some charges.

(4) At the time Thames Water agreed their budget for 1978/79 it was stated that it was estimated that the average household bill in 1978/79 would increase to £37.50 for water supply, sewerage and environmental services and land drainage. This is an increase of £5.50 over the average bill for 1977/78, equivalent to an increase of 17 per cent for these essential services. Subsequently, following the intervention of the Price Commission, the increase in the average household bill was restricted to £4.50, an increase of 14 per cent over the previous year.

(5) Thames Water does not just cover the London Boroughs. There are, in whole or part, some 94 rating authorities in the area and, in setting charges, consistent policies are applied across the region.

(6) In order to meet what I believe is Mr. Thirkell's point, it would have been necessary to issue a separate leaflet to each customer, showing their individual percentage increase, an impossible task with over 3.5m bills being issued. As it was, each customer who received a bill from Thames Water received a leaflet giving some information about the Authority, how the income is spent and how individual bills are calculated.

E. J. Gilliland,
New River Head,
Rosebery Avenue, EC1.

Today's Events

GENERAL

President of Cyprus Spyros Kyprianou arrives in UK for talks with Prime Minister.

Japan-EEC "high level" two-day consultations open in Tokyo on trade and economic relations.

Sir John Methven, director general, CBI, addresses annual meeting of Engineering Industries Association, Grosvenor House, London.

Scottish Liberal Party conference opens, Perth.

Research Establishments review by Department of Industry.

Wine and Spirit Association announcement on future plans.

Mr. Bulent Ecevit, Turkish Prime Minister, in Moscow for talks on economic and political links with Russia.

Crown Prince Fahd of Saudi Arabia on State Visit to Bonn.

Second day of conference of European Ministers of Justice, Copenhagen.

Institution of Mechanical Engineers seminar on Engineering and Britain's Problems, Birdcage Walk, London.

Lord Mayor of London leaves for visit to Edinburgh.

British Army Equipment Exhibition continues, Aldershot.

PARLIAMENTARY BUSINESS

House of Commons: Debate on "mis-management of Scotland's oil." Debate on need for balanced economic order for Wales. General Practice Finance Corporation (increase of borrowing powers) order.

House of Lords: Adoption Bill, second reading. Wales Bill, committee stage. Consumer Saftey Bill, second reading. Home Purchase Assistance and Housing Corporation Guarantee Bill, committee stage.

Select Committees: European Legislation, sub-committee 1. Subject: Sheepmeat marketing. Witnesses: National Farmers Union, Consumers' Association (10.30 am Room 15). Race Relations and Immigration. Subject: Effects of EEC membership on race relations and immigration. Witness: Mr. D. Lane (4.30 pm, Room 6).

OFFICIAL STATISTICS

Car and commercial vehicle production (May-final). Finished steel consumption and stock changes (1st quarter—final).

COMPANY RESULTS

Associated Television Corporation (full year). Baker Perkins Holdings (full year). J. Lyons and Co. (full year). Racal Electronics (full year).

COMPANY MEETINGS

Booth International, Piccadilly Hotel, W., 12. House of Fraser, Glasgow, 12. John Laing, Hemel Hempstead, 2.15. Mallinson-Denny, 130, Hackney Road, E.C., 12. Marks and Spencer, Hotel Inter-Continental, W, 12. F. Miller Textiles, Glasgow, 12. Morgan Crucible, Cafe Royal, W., 11.30. Mothercare, Winchester House, E.C., 11.

COMPANY NEWS + COMMENT

Transitional costs keep Tesco in check

DESPITE non-recurring costs of over £3m, trading profit of Tesco Stores (Holdings) for the year to February 25, 1978, was ahead slightly from £34.59m to £34.85m but after a £1.4m reduction in receivable interest to £1.38m, pre-tax profits finished the period down from £30.19m to £28.56m, after £10.28m against £10.18m at halfway.

In June, 1977, Tesco cut its 13 year link with Green Shield Trading Stamps and adopted its cut-price policy. During the year direct costs totalling some £2m relating to the launch of "Operation Checkout" were absorbed against profits. In addition, the considerable increase in business generated by "Checkout" created unprecedented demands on the group's distribution network, particularly in the latter part of the year. This resulted in extra non-recurring costs relating to the hire of transport and temporary warehouse accommodation which exceeded £1m.

Furthermore, the programme of store improvements and refurbishment was accelerated and all revenue costs incurred in connection therewith were charged against profits in the period.

The directors state that 1977-78 was a year of transition. They say that their aim was to relaunch the business and establish it in the forefront of the supermarket industry, and that with a much-improved trading image and well in excess of 1,500,000 extra customers per week, the launch of "Operation Checkout" has proved to be a total success.

They are confident the new trading strategy will result in a satisfactory rate of profit increase which is borne out by the trading results for the first quarter of the current year.

Turnover for the year advanced from £721.3m to £970.3m, including VAT, £26.34m (£20.01m). The directors say that a 42.95 per cent increase was achieved in the 38 weeks since "Checkout" compared with a 14.43 per cent rise in the first 14 weeks and a total increase of 35.77 per cent for the full year. They add that the rate of increase in turnover and volume since last June has continued in the first quarter of the current year.

The group's new trading philosophy has enabled it to consolidate further its position as leaders of the multiple grocery trade. Grocery market share based on AGB figures has moved from 7.9 per cent pre-"Checkout" to currently over 12 per cent.

After tax, on the ED 19 basis of £11.54m (£15.18m) stated earnings per 5p share are 5.38p (4.75p) and the dividend is stepped up to 1.6297p (1.4592p) net with a final payment of 0.9233p.

In the current year Tesco plans to open 16 new stores and three major extensions. This will increase selling area by over 600,000 square feet which includes the Nottingham and Walkden stores acquired from Debenhams.

Next month the group's largest store will open at Pitsea, Essex, with a selling area of 82,000 square feet, with the addition of a petrol station and garden centre.

Beyond 1979 there are planned new stores and extensions in excess of 1,000,000 square feet selling area, directors state.

As at February 25, 1978, group property valuation amounted to £181m, showing a surplus over book values of £94m. The previous valuation carried out as at November 30, 1972, showed a surplus of £37m.

See Lex

INDEX TO COMPANY HIGHLIGHTS

Throgmorton Trust ahead in first half

Gross revenue of Throgmorton Trust increased from £1.38m to £1.56m in the first half-year ended May 31, 1978 and revenue before tax was higher at £1.35m against £1.16m. The pre-tax figure in 1976-77 was £2.75m.

The interim dividend is again 2p—last year's final was 3.375p. Earnings per share for the first half are shown at 2.08p (1.79p).

Net asset value per 25p share, allowing for full loan stock conversion and valuing prior charges at par is 91.2p against 67.5p a year earlier and 80.5p as at November 30, 1977.

Statement Page 22

Anglia Television headway

THE six months ended April 30, 1978, at Anglia Television Group resulted in a rise in pre-tax profits from £1.3m to £1.96m.

The directors say that although revenue continues to exceed last year's level, the rate of increase has slackened. At the same time there is a planned expansion of programme production and therefore it is unlikely that results for the second half will match those for the first. Last full year's profit was £2.77m.

First-half earnings per 25p share are stated at 10.05p (6.89p) and the interim dividend is stepped up from 1.87323p to 2.088p net, costing £183,768 (£164,844). The final payment for the last full year was 2.30328p.

● comment

Anglia has had a bumper first half with profits up by 51 per cent pre-tax. Advertising revenue has been buoyant for the whole industry and Anglia, with turnover up 30 per cent, has managed to keep ahead of the sector. However, advertising revenue has tailed off. In April industry figures show growth of 10.9 per cent and in May it was down to 9 per cent. Anglia says the June figures are looking better, but undoubtedly the trend has flattened out considerably. Therefore second-half profits growth will be far less dramatic. Overseas programme sales of "Survival" have peaked out and the tie-up with Trident to promote other programmes overseas will not bear fruit until next year. The diversification into Soda-stream (a 28 per cent stake) presents an unknown quantity for profits but overall the full year pre-tax figure is unlikely to be much higher than £3m. At 71p the prospective p/e of 3.6 (fully taxed) and yield of 10 per cent is not an expensive rating, even in this cyclical industry.

Brown & Tawse up to £3.3m

AFTER RISING from £1.33m to £1.62m in the first half, pre-tax profit of Brown and Tawse, steel and tube stock stockholder and engineer, ended the March 31, 1978, year £0.27m higher at a record £3.33m.

Turnover climbed from £38.11m to £42.47m and profit was after depreciation of £0.39m (£0.27m) and interest of £0.38m (£0.48m).

After tax of £1.55m (£1.53m)—which was reduced £30,000 (£16,000) by over-provision in previous years—net profit emerged at £1.78m (£1.53m). There were extraordinary debits of £32,000 (£23,000) balanced by extraordinary items of £32,000 (£30,000) transferred to reserves.

The final dividend of 3.635p net per 25p share takes the total from 4.376p to 4.814p net. Earnings per share are shown at 17.6p compared with 15.7p last time.

● comment

Given the recent gloomy results from other steel stockholders, Brown and Tawse has done well to push taxable profits ahead by 9 per cent. Moreover stock profits only chipped in 10 per cent, against 20 per cent of the total last year. Volume has been static but since January the impact of the Davignon plan has held and in some cases even improved margins. Demand for steel tubes, which account for half B and T's business and where the depressed heating engineering industry is a big customer, has been dull. But the stainless steel side which takes in 15 per cent of sales is beginning to pick up and some improvement can be expected here in the current year. Meanwhile price increases are due in July although the group's large number of small customers may show some resistance to the rises. But with some signs of an upturn in demand and a little guarded optimism in the sector, profits could be pushing £4m in the current year. At 95p the shares seem fairly rated standing on a p/e of 5.2 and yielding almost 8 per cent.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Anglia TV ....int.	2.09	July 28	1.87	—	4.18
Avana Group	0.59	Oct. 4	0.53	1.00	0.98
Baker's Stores ....int.	0.3	Aug. 8	0.27*	—	0.57*
Brown & Tawse	3.64	Aug. 10	3.24	4.81	4.38
Burnett & Hallamshire 2nd int.	1.43	Aug. 7	1.28	2.85	2.58
Control Securities	0.83	Aug. 11	Nil	0.83	Nil
Cornercroft ....int.	1.23	Sept. 1	0.94	—	3.19
Durapipe	3.12	Aug. 2	2.79	4.08	3.65
B. Elliott	2.87	Oct. 20	2.73	5.33	4.77
Globe Trust	2.4†	—	2.6	5	4.1
Kenning Motor ....int.	1.75‡	Oct. 2	1.5	—	4.15
Lindustries	6	Oct. 2	3.05	9	4.45
F. H. Lloyd	3.68	—	3.3	5.31	4.81
Northern Secs. Tst.	2.45	July 20	2.3	3.45	3
Rowlinson Constructions	1.7	—	1.55	2.43	2.21
Scottish American ...int.	0.9¶	July 31	0.8	—	2.5
Sutcliffe Speakman	1.07§	—	1.07	2.38	2.15
Tesco	0.92	July 29	0.83	1.63	1.46
Throgmorton Trust ...int.	2	Aug. 4	2	—	4.38
U.S. Deb. Corp. ....int.	1.15	Aug. 1	1.15	—	3.52

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Based on 33 per cent tax and increased to reduce disparity. § Dividends of not less than 2.623p forecast for 1978-79. ¶ Directors hope to maintain final at 1.7p making total 2.6p.

24% advance to £3m at Burnett and Hallamshire

WITH TURNOVER 31 per cent higher at £37.39m, pre-tax profit of Burnett and Hallamshire Holdings rose by 24.3 per cent from £2.47m to £3.08m in the March 31, 1978, year.

Mr. Nigel Swiffen, the chairman, says the mining division achieved a 43 per cent turnover growth in the year and that the divisional turnover mix was in line with forecast. The group profits mix also followed forecast with the mining shares at 68 per cent, although the commercial division failed to match expectations.

The future for the mining division looks promising with a satisfactory forward work commitment. Work on mining in the Forest of Dean is expected to begin later this year.

In the construction division the industrial property development section was strong and partially offset the pressure on margins felt in the civil engineering and building departments.

The commercial division result was affected by a disappointing performance on the commercial vehicle side and by once and for all costs arising from the reorganisation of the oil distribution companies. Further improvement is expected from oil distribution while work needs to be done with commercial vehicles, he says.

For the future Mr. Swiffen believes profits will be harder to earn in 1978 and 1979 as little assistance is expected from economic recovery.

After tax of £0.77m (£1.25m)—which was reduced by £0.83m by ED 19—net profit was £2.31m (£1.23m). Last year minority interests took £29,000.

Earnings per 25p share are shown at 46.1p (24.01p) and would have been 29.56p under a full tax charge.

A second interim dividend of 1.42732p net lifts the total the maximum permitted from 2.57548p to 2.85464p. Should dividend restraint end or be substantially modified a third interim will be paid.

● comment

Burnett and Hallamshire's opencast mining activities continue to thrive and its coal and clay operations now account for 68 per cent of group profits (up 24 per cent) compared with 37 per cent a year ago. Helpful factors have been a first-time contribution from its Sheffield operations while production at Wigan reached its peak during the year. The latter is due to run down in the current year but by then the group will have started operations in the Forest of Dean—now that it has resolved its differences with the Ministry of Agriculture and Fisheries.

Life has been less easy for the group's other activities. Profits from oil supply operations have been depressed by reorganisation costs and the commercial vehicle side was affected by supply problems while the construction interests are still operating in a less than favourable climate. However, with the major mining interests strong the shares moved up 7p yesterday to 184p putting the group on a p/e of 6.1 on a full tax charge. The yield is only 2.4 per cent but if dividend restraint comes off the group intends to pay a third interim. Fully taxed the current cover is over ten times and the group intends to reduce this to not more than five times.

STODDARD HOLDINGS

Stoddard Holdings announces that agreement has been reached in principle for the acquisition of the trading assets and undertaking of John Lyle Carpets (in receivership). The acquisition will take effect when the undertaking has been relocated in new premises in Cumbernauld, which is likely to be early in 1979. The aggregate value of the consideration, which will be in cash, will be related to the net asset value on the actual date of acquisition and is estimated to be in the region of £500,000.

Record £2.3m for Avana

WITH TURNOVER up from £23.7m to £29.61m taxable profit of Avana Group, cake manufacturer, baker and confectioner, jumped from £1.7m to a peak £2.34m in the April 1, 1978 year. At halfway profit was ahead from £0.57m to £0.77m.

Directors say results reflect the continuing benefits of the high level of capital investment in new plant and modernisation of factories which has taken place during the past four years.

Reasonably stable trading conditions coupled with an improvement in the value of sterling resulted in a slowing down in the rate of raw material price increases and this helped in the achievement of a more realistic rate of profitability.

The major part of the turnover increase came from higher volume production with new products making a significant contribution. The policy of continual plant modernisation and replacement provides a considerable profit potential which will be realised over the next year or so, they say.

Current trading is buoyant and for the first two months sales volume and profits have been better than last year. The progress of its overseas subsidiary has continued and it is now making a reasonable contribution to group profitability and seeking to widen its area of operations.

After tax of £1.21m (£0.88m) net profit came out at £1.14m (£0.83m), and earnings per 5p share are shown at 5.52p compared with 4.01p last time.

The final dividend of 0.589p takes the total ahead to 1.089p net (0.973p), which will absorb £222,703 (£199,470).

● comment

Small food manufacturers, such as Avana, have been consistently outperforming the leading members of the food sector because of their greater flexibility in adjusting product mix. Avana has had an additional advantage in that, through its fruit juice operations, it is well placed in one of the major food growth markets. Fruit juices are traditionally thought of as a seasonal commodity but Avana's fruit juice sales in February and March 1978 were better than those recorded during the summer. In baking, meantime, Avana has met the challenge of rising raw material costs by concentrating on quality and moving its cake products up-market. It has received valuable support for this tactic from its major customer, Marks and Spencer. The current year has started well with sales and profits in the first two months ahead of last year. The share price was unchanged at 37½p giving a p/e of 6.7 and a yield of 4.5 per cent. While this is in line with existing levels within the industry it makes no allowance for the recent strong performance by Avana.

LON. SCOTTISH

The acquisition by London Scottish Finance Corporation of the ordinary and preference share capital and the unsecured loan stocks of Dupont Brothers has been completed.

Lindustries falls in latter half

DESPITE A second-half fall from £3.55m to £3.21m Lindustries finished the full year to April 1, 1978, with taxable profits up from £6.61m to £6.92m, on turnover up by nearly £10m to £88.4m.

At the interim stage, the directors expected second-half results to show some improvement on the latter half of the 1976-77 year.

An analysis of turnover and trading profit, £7.04m (£6.52m) shows: engineering products £37.76m (£31.76m) and £3.17m (£2.25m); polymer products £16.49m (£14.86m) and £0.65m (£0.88m); textile products £20.7m (£19.69m) and £1.99m (£2.19m) and overseas operations £13.45m (£12.65m) and £1.24m (£1.21m).

The directors state that the overall result of the engineering companies was excellent with an increase in sales of 19 per cent and a profit improvement of 41 per cent. Particularly good results were achieved by the companies making motor vehicle components, brewing equipment and general engineering components, they add, but the polymer companies showed a decline of 27 per cent.

Although good results were achieved by three companies the other companies had a difficult year they say, and two made a loss, one due to exceptional problems with the supply of raw material.

Severe competition in home and overseas markets restricted the contribution of the textile companies, and in addition, changes in exchange rates made export trading more difficult.

Overseas subsidiary companies showed a slight improvement; the Canadian company suffered from a reduced demand for its commercial fishing, marine hardware and leisure goods but the results of the Mexican company which manufactures fish net set a new record and the company had a most successful year, they add.

Trading during the current year has been satisfactory.

Earnings per 25p share are shown as 24.7p (23.1p) and, as forecast at the time of the proposed offer from Hanson Trust, the dividend is lifted to 9p (4.45p) with Treasury permission, with a net final payment of 6p.

There was an extraordinary debit for the period of £0.8m (£0.25m) which included exchange losses of £0.55m (£0.41m).

● comment

Lindustries had forecast an improved second half, but in the event profits are almost a tenth lower, mainly due to problems in the polymer division. A write-off of £0.2m was necessary because of inferior raw materials imported from the Far East for the rubber band company while production of surgical equipment fell short of expectations because of labour problems in Ulster. Also, increased competition in the South African market more than halved the contribution from associates for the full year, and the thread companies were finding conditions tough in the textile recession. The only bright spot was the engineering division, where volume improved by around a tenth and margins were almost 1½ points higher. The strong performer here was Delanair, which makes heaters and air conditioners for the car industry. In the current year conditions will continue to be difficult in all divisions with the exception of engineering, which should benefit from the improvement in the UK motor industry, so growth will be minimal. At 137p, the shares are on a p/e of 5.3 on a low tax charge, while the yield is 10.4 per cent.

ISSUE NEWS

Sutcliffe Speakman rights

Sutcliffe Speakman and Co. is raising £344,000 by a rights issue of one new 25p ordinary share for every two held. The rights price is 30p. The shares moved 3p higher in the market to 58p.

Sutcliffe has also released full year figures to March 31, showing pre-tax profits higher by two-thirds at £566,000.

In the three years to last March, working capital requirements increased by around £1.3m which has been partly financed by retained earnings and partly through bank borrowings which over the same period increased from £218,000 to £625,000.

Directors believe it is appropriate to make a rights issue now. They plan to improve manufacturing facilities at the main factory in Leigh, Lancashire, and also intend to expand selling activities overseas, particularly in the U.S.

For the year ended March 31, 1978, the recommended final dividend is 1.0682p net for a total of 2.3848p, the maximum allowed. Stated earnings per 25p share are 10.5p (6.3p).

Subject to a satisfactory level of profits, the directors say they intend to recommend dividends of not less than 2.623p net on the enlarged capital for the current year.

The announcement shows 1977-78 turnover up from £7.54m to £9.39m, with exports rising from 56 per cent to 68 per cent of total.

The directors say that after less than three months it is too early to make a forecast for the current year but they expect the earnings pattern of last year, when the greater part was earned in the second half, to be repeated. In the current year to date, a good level of activity has been maintained and prospects especially for Solvent Recovery Plant and Active Carbon, are promising.

Machine No. 10—Seager

	1977-78 £000	1976-77 £000
Turnover	9,389	7,544
Trading profit	682	457
Interest	116	118
Profit before tax	566	339
Tax	307	182
Net profit	259	157
Minority ints.	2	3
Attributable	257	154
Interim dividend	32	27
Final	26	26
Retained	199	101

SOUTHEND FLOPS

Southend-on-Sea's stock issue closed yesterday morning with 91 per cent of the offer left in the hands of the underwriters.

The issue of £7m of 12 per cent Redeemable Stock 1987 at £98½ per cent looked from the start to have its terms pitched rather tight, and any weakness in the market was bound to upset the result.

After opening the application list at 10 a.m. it was closed at 10.25 a.m. with applications for only £630,000 of stock.

When dealings start today a discount in the region of £½ to £1 per cent can be expected.

Active second half lifts B. Elliott to peak £5.6m

A PARTICULARLY active second half, with a sharp rise in demand for machine tools, resulted in a rise in pre-tax profits of B. Elliott and Company from £4.3m to a record £5.6m for the year to March 31, 1978, on external sales of £69.63m against £34.07m. At midway, the surplus was marginally ahead from £1.96m to £2.02m.

Mr. Mark Russell, the chairman, reports that all UK divisions improved their performances and the integration of the Newall Machine Tool Group has gone well. The only disappointment was the contribution from the group's overseas companies.

A breakdown of external sales and pre-tax profit (in £000's) shows UK manufacturing companies: machine tools £18,128 (£8,346) and £2,233 (£1,047), general engineering £8,335 (£7,037) and £427 (£136), UK merchanting companies £26,049 (£20,293) and £2,087 (£1,882), overseas companies £17,115 (£18,372) and £75 (£960), and parent company and consolidation nil (nil) and £179 (£238) respectively.

In the machine tool manufacturing figures, sales of £8,717,000 and profits of £1,063,000 are included in respect of the Newall companies from the date of acquisition.

The group has started the current year with order books at the record level of £29m and estimated results for the first few weeks are encouraging, Mr. Russell says.

Thus, the directors would expect another sound performance by the UK operations and indications are that the overseas companies will recover somewhat this year and make a useful contribution to group results.

Stated yearly earnings rose from 22.49p to 28.83p per 25p share and the dividend total is lifted to the maximum permitted 5.3258p (4.772p) net, with a final of 2.8678p—should dividend regulations be relaxed, the directors intend to increase the amount paid. A 33 per cent rate of ACT has been assumed for the final.

The tax charge of £1.73m (£1.45m) is in accordance with a change of accounting policy to adopt ED19 proposals. After minorities, available profit jumped 50 per cent to £3.98m.

It has also been decided to eliminate intangible items from the balance sheet and the premiums on acquisitions, including that arising on the acquisition of the Newall Group, have been written off against retained profits.

Comparative figures for 1976-77 have been restated to reflect these changes in accounting policies.

	1977-78 £000	1976-77 £000
Gross turnover	74,337	37,164
External turnover	69,627	34,069
Trading surplus	7,079	3,378
Depreciation	1,005	554
Interest costs	471	391
Profit before tax	5,603	4,383
Net profit	3,877	2,334
Minority losses	105	*273
Available	3,858	2,361
Dividends	783	364
Retained	3,125	2,017
Brought forward	7,611	3,454
Decrease in sterling value of fixed assets	88	†140
Prem. on acquisitions	572	—
Leaving	10,156	7,611

* Profit. † Increase.

● comment

The overseas companies' performance was the only blight on an otherwise excellent set of results from machine tools and general engineering group, B. Elliott. The small North American and Australian operations were on a par with the previous year but the South African activities only managed to break even against a valuable contribution last year. The domestic performance was boosted by the inclusion of Newall since July 1977. Stripping it out of the machine tools' figures there is still a 12.8 per cent increase in turnover and an 11.0 per cent increase in pre-tax profit in this division. The general engineering activities and the UK merchanting companies both produced strong gains. At the half-way group sales were up 13.8 per cent but trading profits rose less than 2 per cent. The second-half surge reflected a sharp upturn in demand, which helped to reduce stocks. The shares rose 4p to 114p yesterday giving a p/e of 3.85 and a yield of 7.3 per cent.

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SHARE STAKES

Sale Tilney and Co.: Mr. P. H. R. Gwyn, a substantial shareholder, has sold 30,000 Ordinary shares, reducing his holding to 4.03 per cent.

Harrisons and Crosfield: Sir Leonard Paton is now beneficially interested in 40,238 Ordinary shares.

Alexander Howden Group: Kuwait Investment Office has exercised its rights in respect of 1,412,500 ordinary shares making a total interest of 7,062,500 shares (7.82 per cent).

Federated Land and Building Company: Mr. P. J. H. Meyer, a director, has sold 200,000 shares to a family trust.

Inveresk Group: London and Manchester Assurance Company now holds 730,300 6 per cent second cumulative preference stock units.

Anglo-Argentine Tramways Company: Davis Investments (Jersey) now holds 400,000 ordinary shares (10 per cent).

Bunzl Pulp and Paper: Mr. G. G. Bunzl and Dr. F. A. G. Schoenberg, directors, have disposed of a non-beneficial interest of 75,000 ordinary shares from a joint holding.

Plaxtons (Scarborough): Mr. C. F. B. Quarton, a director, has sold 20,000 ordinary shares.

Selincourt: Mr. D. V. Pick, a director, has sold 25,000 ordinary shares and Mr. L. Lurie, a director, has sold 30,000 ordinary shares.

Randalls Group: Ferguson Industrial Holdings has bought 40,000 ordinary shares and now holds 225,000 shares (8.9 per cent).

London and Northern Group: Mr. C. A. R. Blackwell, a director, has purchased 52,500 ordinary shares.

London and Provincial Shop Centres (Holdings): Mr. B. S. Berrick, joint chairman and managing director, has sold 20,000 shares.

Cardiff Malting Company: On May 31 33,330 ordinary shares (4.54 per cent) passed from the beneficial ownership of Mr. B. A. Brownhill to the beneficial ownership of Mr. T. R. Watts. Both are directors.

S. and W. Berisford: Trusts connected with Messrs. A. and W. I. Hubert (both directors) has sold a total of 50,000 ordinary shares. As a result of these sales, their respective holdings are now as follows: Mr. A. Hubert, beneficial 160,000 ordinary shares and non-beneficial 365,000 ordinary shares; Mr. W. I. Hubert, beneficial 585,000 ordinary shares and non-beneficial 112,500 ordinary shares.

Allied Insulators: Prudential Group having disposed of 31,714 ordinary shares now holds 470,830 ordinary shares (less than 5 per cent). Britannic Assurance Company now holds beneficially 950,000 ordinary shares (9.74 per cent).

Spooner Industries — Redman Heenan International now holds 484,165 ordinary shares (11.41 per cent).

Kenning Motor reverses forecast with £0.1m rise

DESPITE A March prediction of a fall, pre-tax profit of Kenning Motor Group rose from £2.65m to £2.75m in the six months to March 31, 1978, on turnover up £10.39m to £105.97m.

Mr. G. Kenning, the chairman, says tyre services were seriously *affected by cheap imports*, with the need to compete effectively eroding margins. Better results will be achieved in the second half however and the first-half drop in tyre profitability was more than offset by marked improve*ments elsewhere*. He says he cannot predict the results for the full year.

Interim dividend is increased from 1.5p to 1.75p *net per 25p* share to reduce disparity and is based on a tax rate of 33 per cent. Mr. Kenning anticipates that the total for the year will be increased by 10 per cent from last year's total of 4.15p, which *was paid on a record pre-tax* profit of £7.41m.

Pre-tax profit is *after* deprecia*tion* up from £2.39m to £3.5m. Other charges took the total to £3.84m compared with £2.63m.

After tax of £1.48m (£1.45m) net profit progressed from £1.2m to £1.27m. Earnings per share are shown down *from* 5.3p *to* 4.8p basic, and from 4.5p to 4.2p fully diluted.

Mr. Kenning points out that motor depots produced record results due to a buoyant new and second-hand market. Contract hire also again showed record results while car hire was mar*ginally down due to the need to* build up the fleet for the significant part of the *season*.

Parts centres, truck centres and specialised services all improved markedly combining to help make up some of the ground lost by the tyre business.

Profits on service improved *slightly while* in extremely competitive conditions petrol gallonage *and profits were maintained*.

● comment

Kenning has had a difficult first half but at least it has managed *some profits growth* and not the downturn it had anticipated earlier. Problems centre around *the tyre side of the business*. An influx of cheap imported tyres from Comecon countries from November onwards hit sales of both new and remould tyres—Kenning is the biggest manufacturer of remoulds in the UK. However, these imports have stabilised and Kenning has been able to repair its margins since March. Meanwhile all the other *major divisions* have been showing steady growth. Profits from *tyres in the second half should* improve and car sales are *expected to continue* buoyant, though much depends here on Leyland's ability to maintain supply.

Car registrations could reach a peak this year and most of the dealers are reporting bumper profits, but any downswing in sales in 1979 would hit the sector's profits. *Kenning has shown in the* past that it can weather these *storms fairly well—car sales only* accounted for a fifth of last years *profits—and so the company has* defensive qualities. At 75½p the shares stand on a historic p/e of only 5 while the anticipated dividend for this year yields 9.4 per cent.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually *held for the purpose of considering* dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims: Crest Nicholson, Thomas French, Henlys, Arthur Lee, Lonsdale Universal, Lookers, Vectis Stone.

Finals: Associated Television, Arbuthnot Latham, Baker Perkins, Beechwood Construction, British Steam Specialties, Continental and Industrial Trust, Edbro, London and Liverpool Trust, J. Lyons, Racal Electronics, Sheepbridge Engineering, Tebbitt, Tunnel.

FUTURE DATES

Interims—	
Ashdown Investment Trust	June 27
CGSB	June 28
Whatlings	June 30
Finals—	
Dale Electric International	July 4
Electrocomponents	June 29
Scottish and Newcastle Brews	July 6
South Crofty	June 28
Vinten	July 14
Weston-Evans	June 29

Best ever £1.1m at Durapipe

FROM SALES of £9.26m against £6.5m, pre-tax profits of Durapipe International rose 19 per cent to a record £1.11m in the year ended March 31, 1978. Turnover and profits in the current year so far are encouraging and the directors are again looking for a record result.

Profits in the 1977-78 first half had risen from £362,376 to £550,387 and the Board then was expecting that the previous year's pre-tax profit would be improved upon.

The final dividend is 3.117p, raising the total from 3.652p to 4.079p net per 25p share. Earnings per share, before tax, are shown at 22.51p (18.87p) and 16.53p (16.9p) net.

Excluding the first three months of U.S. turnover which are seasonally poor performance months, the percentage of profit to sales of UK companies of 14.1 per cent is comparable with previous years, the directors say. Ansell Jones and Co. again made a valuable contribution to group profits.

Northern Secs. down but pays more

A final dividend payment of 2.45p net per 25p share of Northern Securities Trust lifts the total for the March 31, 1978, year from 3p to 3.45p from earnings of 4.24p per share against 4.27p.

Gross income for the period was down slightly from £399,575 *to £390,871 and after management* expenses and interest amounting to £148,579 compared with £144,114, pre-tax profits came out lower at £242,292 (£235,461).

Tax took £83,251 (£95,341) leaving a net profit of £159,041 (£160,120). Balance brought forward was £275,669 (£230,238) and *after dividend of £130,727* (£114,680) the amount carried forward came to £303,983 (£275,669). Net assets per share at balance date were 152p (126p), including the full investment currency premium.

Rowlinson Construct. off £0.3m

DESPITE MID-TERM assertions that profit would be little changed, pre-tax profit at Rowlinson Constructions Group fell from *£1,302,381 to £996,835 in the year* to March 31, 1978. At halfway, profit *was £1,200 higher at* £603,900.

Profits in the coming year are also expected to be considerably lower following the company's *deeper involvement in property*.

Mr. P. J. Rowlinson, the chair*man, says the company is* becoming more property orientated and is building up an investment portfolio of its own industrial and commercial properties.

"We are reluctant to dispose of *some of our newly created leases* and consequently group profits *are expected to be considerably* reduced next year."

He says the building contracting division experienced keen competition in the year with narrow margins further eroded by wet weather in the second half.

After tax of £516,832 (£688,880) and extraordinary credits of *£16,503 (nil) the profit balance* came out at £496,386 (£613,501).

The final dividend of 1.7p makes the total for the year 2.425p against 2.2055p net per 10p share. After waivers of £41,313 (£26,000) by the Rowlinson family dividends will absorb £34,407 (£42,868).

Riverview Rubber disappointing

Compared with the record profits of the bulk of the plantation companies in Malaysia, Riverview Rubber Estates Berhad, *British-owned estate*, had a disappointing 1977 year, with profits *ahead only four per cent to 2.07m* ringgits.

Lower rubber production was the main reason for the company's poor results, the directors say: output fell by 6.5 per cent with the result that operating profit fell slightly to 2.1m ringgits.

Directors say that rubber output for the current year is unlikely to increase, and they *indicated that increased profits* would be dependent on cocoa and *the company's investments*.

Output and price of cocoa were substantially higher during 1977 contributing 192,000 ringgits to profit (58,000 ringgits). The rest of the company's profits came from investments, up by 12 per cent to 372,000 ringgits.

Downturn at F. H. Lloyd

PRE-TAX profits of £5.16m, against £5.79m, for the year ended April 1, 1978, and a warning of lower profits in the first half of the current year compared with the corres*ponding period last year are* announced by F. H. Lloyd, steel founder, re-roller and maker of engineering products.

The profit result for 1977-78 follows the downturn in the first six months from £2.34m to £2.12m.

Mr. Robert H Foster, chairman, says that although 1977-78 was a difficult year in which the international economic environment adversely affected the foundry, steel and engineering industries, the very satisfactory contribution *to group profits from the engi*neering companies and associated company, Lloyd Cooper, enabled the group to achieve a profit comparable with that of last year allowing for a shortfall of £500,000 stock profits in the steel re-rolling company.

Trading margins came under *increasing pressure during the* year and there was a continuing decline in the steel foundries' order book, says the chairman.

Continuing satisfactory profits from the engineering companies and associated company will not *offset the depressed trading con*ditions in the steel foundries and *steel re-rolling and* "*group profits* in the first half of the present *trading year are expected to be* appreciably lower than in the same period last year." Mr. Foster states.

The dividend total for 1977-78 is 5.3115p against 4.8062p previously with a final of 3.6815p. Earnings *per 25p share are stated* as 11p (11.6p).

	1977-78 £000	1976-77 £000
External sales	64,622	63,706
Foundries & service	40,081	39,749
Engng. and steel	24,341	23,947
Trading profit	4,382	5,442
Foundries & service	2,969	3,675
Engng. and steel	1,413	1,764
Other income	215	406
Interest	185	212
Associates' share	546	137
Profit before tax	5,156	5,793
Tax	2,456	2,936
Net profit	2,700	2,857
Minorities	52	58
Extraord credit	—	318
Balance	2,648	3,116

The group has maintained its strong liquid position despite a continuing programme of high investment, the chairman says. The balance sheet at April 1, 1978 shows net current assets of £18.56m compared with £17.79m a year ago. Liquid funds equate to the total *amount of loan stock* and shareholders' funds have in*creased during the year* from £22.226m to £23.584m.

● comment

Given the poor trading climate in both steel re-rolling and foundry castings, F. H. Lloyd's profit look good, being at least £½m better than most estimates. Most encouraging is the engineering and steel division where trading profits *are only slightly lower* despite the absence of steel stock *profits which last year amounted* to £½m. Engineering has been the *mainstay of this division during* the steel recession, however, the steel side could benefit from recent EEC moves later this year. Growth at the associate company Lloyd-Cooper has been impressive and the trend at he mini mill is being maintained. But problems are being encountered on the foundries, second half profits are over £1m lower and the current trading picture is slightly worse aggrevated by five weeks of *strikes. The company is* forecasting half time profits well below the comparable £1.7m and the year end figure may not top £5m. Still the shares at 73p offer a *yield* of nearly 12 per cent, covered twice

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Outlook at Harrisons & Crosfield

THERE ARE at present unusually good grounds for long-term optimism in respect of natural rubber, says Mr. T Prentice, the *chairman of Harrisons and Crosfield* in his annual statement.

Synthetic rubber is no longer the stable-priced commodity which it used to be, he says, for in this field, the major UK producers raised their prices three times during 1977, making a total increase for Styrene-Butadiene rubber of 21½ per cent.

Members are told that it is *reasonable to hope that a satis*factory return will again be *received by oil palm growers* during 1978, and that they will continue to have little difficulty in *disposing* of the growing volume of production.

He adds that the encouraging tea prices of the previous year *will have assisted estates in* financing fertiliser requirements *which should lead to crop figures* being maintained in 1978.

However, a further marked increase in crop is not anticipated and with the present pattern of a yearly increase in world consumption, a rise in prices in the second half of 1978 is a real possibility, Mr. Prentice says.

Severe weather conditions in the first two months of 1978 seriously *hampered the construc*tion industry and building programmes, and the outlook for the rest of the year is that demand for softwood and other materials will be about the same level as for 1977

As reported on June 8, group pre-tax profits for 1977 were little *changed at £23.33m (£23.17m), on* turnover ahead from £528m to £579m.

The accounts show, for the first time, a percentage break-down as at June 5, 1978, of the principal plantation investments held by the Harrisons and Crosfield group against those held by others in concert.

At May 26, the Kuwait Invest*ment Office* held 7.6 per cent of the equity.

Meeting, The Baltic Exchange, E.C., July 20, at 11.15 am.

HEAVITREE BREWERY

PRE-TAX *PROFIT of Heavitree* Brewery rose from £129,950 to £161,434 for the half year ended April 30, 1978, on turnover of £1.24m against £1.12m. For the full 1976-77 year profit achieved was a record £445,805.

Net profit for the six months was £77,484 compared with £62,340 after tax of £83,050 (£67,610). The interim dividend is *maintained at 8p per £1 share*.

The company is unquoted and has close status.

RESULTS AND ACCOUNTS IN BRIEF

ALPINE HOLDINGS (double-glazing, showers, etc.)—Results for year to January 31, 1978, *reported* May 18, in full preliminary statement with prospects. Group fixed assets £0.81m (same), net *current assets £1.15m (£0.6m)*. Net liquid funds increased by £1.08m (£1m decrease). Meeting, Honeypot Lane, NW, July 6, at noon.

AVENUE CLOSE (property investment)—Results for year ended March 31, 1978, reported June 15. Fixed assets, £2.29m (£2.24m). Net current liabilities £402,459 (£498,386). Increase in working capital, £40,268 (£127,372 decrease). Directors *actively seeking suitable investments and* development opportunities and to this end have secured further medium term loan *facilities*. Current year has commenced well and directors expect to report improved and satisfactory progress. Company is close. Meeting, Winchester House, EC, July 11, at noon.

BREMNER AND CO. (general warehousing)—Results year to January 31, 1978 reported May 3. Fixed assets £564,295 (£515,239), net current assets £2,522,361 (£2,441,358). Short-term deposits, bank balances and cash decreased by £283,484 (£33,163 increase). Meeting, Glasgow, July 6, at 10.30 am.

BRITISH CINEMATOGRAPH THEATRES—Dividend 1.488p (1.341p) net, year to January 31, 1978. Turnover excluding VAT £2,407,372 (£2,157,244). Pre-tax profit £70,704 (£37,751). Tax £31,938 (£4,950). Earnings per 12½p share 4.37p (3.79p).

BRITISH AND AMERICAN FILM HOLDINGS—Results for 1977 reported May 24. Listed investments at cost £1.79m (£1.48m), unlisted £10,201 (£14,140). Net current liabilities £77,205 (£38,705). Net liquidity at year end up £43,080 (£21,680). Chairman says although no *new films in production company con*tinues to receive revenues from past production. Meeting, Brook House, Park *Lane*, W., July 6 at 11 am.

BROWNLEE AND CO. (timber merchants)—*Results year to March 25, 1978* reported June 14. Fixed assets £3.31m (£3.48m), net current assets £5.02m (£4.96m). Bank overdraft nil (£760,786). Working capital decreased by £206,000 (*£1.26m increase*). Meeting, Glasgow, July 12, noon.

BUCKLEYS BREWERY—Results to April 1, 1978, reported June 9. Ryde adjustment reduces pre-tax profit by £97,002. Fixed assets £6.49m (£4.66m), net current assets £115,274 (£456,734). £222,000 decrease (£0.59m) in cash resources. Meeting Swansea, July 7, at 10.45 am.

CAKEBREAD ROBEY AND CO. (building materials, timber merchants, architectural and sheet metal work)—Results *for 1977 reported May 17*. Group fixed assets £1.94m (£1.97m), net current assets £1.1m (£0.91m). Bank borrowings increased £66,936 (£402,788). Chairman says company, which is close, should have good year's trading in 1978. Meeting, Enfield, July 10, 11 am.

CHANNEL TUNNEL INVESTMENTS—Total income £11,516 (£12,964) for 1977. Administration expenses £7,921 (£7,521). Pre-tax profit £3,495 (£5,433). Tax £3,307 (£2,738). *Earnings per 5p share* 0.15p (0.26p).

COPE SPORTSWEAR—Results for 1977 already known. Group fixed assets £459,219 (£235,966). Net current assets *£1,171,391 (£241,031)*. Working capital increased by £628,761 (£60,254 decrease). Meeting, Leeds, July 19, 11.30 am.

DERITEND STAMPING COMPANY (forging, casting, electrical installation and repair)—Results for year to February 28, 1978, *reported* May 11. Group fixed assets, £5.44m (£4.59m), net *current assets £5.38m (£5.55m)*. Net bank borrowings decreased by £894,000 (£255,000 increase). Working capital increased by £2m (£310,000). Britannic Assurance Company holds 11.26 per cent of equity. Meet*ing, Droitwich, Worcs*, July 12, 12.30 pm.

JOHN FOSTER AND SON (spinners and weavers)—Results for 53 weeks to March 3, 1978, *already reported. Fixed* assets, £3.22m (£3.26m). Net current assets, £3.11m (£2.78m). Chairman says overall current order books are satisfactory and activity seems likely to be maintained. Wilan Investment Company owns 9.37 per cent of group. Meeting, Waldorf Hotel, WC, July 12, at 12.30 pm.

***W. GOODKIND AND SONS**—Results for* 1977 previously reported. Fixed assets £18,635 (£16,728), net current assets £17,081 (£14,284). Property company expected to be in the black by the end of the year, and trading overall so far is at a similar level to last year. Stoller and Co. owns 21.4 per cent of capital. Meeting, 7-8, Market Place, W., July 12 at 4 pm.

HAMBROS INVESTMENT TRUST—Results to March 31, 1978, reported May 17. Listed *quoted UK investments £27.68m (£25.77m)*, elsewhere £13.91m (£14.73m). Current assets £5.11m (£2.51m), current liabilities £1.94m (£1.18m). *£2.8m increase (£1.89m* decrease) in liquidity. Prudential Assurance Company owns 7.97 per cent of shares. Hambros 6.94 per cent, and Kuwait Investment office 5.25 per cent. *Meeting*, 41 Bishopsgate, EC, July 13 at 11 am.

KRAMAT TIN DREDGING BERHAD—*For year to March 31, 1978 pre-tax profit* M$3.04m ($604,787), *tax* $1.95m ($404,345), net profit $1.09m ($200,417), dividends $860,400 ($196,000). Net final dividend 20 cents for total 30 cents (25 cents). Output of tin 6,960 (4,564) piculs, at average price $1,620 ($1,160) per picul. Average net per picul tin concentrate $881 ($736).

KUALA KAMPAR TIN FIELDS BERHAD—For year to March 31, 1978, pre-tax profit M$2.77m ($1.49m), tax $1.49m ($451,687), net profit *$1.28m ($1.04m)* dividends $1.15 ($1.03m). Net final dividend 30 cents for total 60 cents (70 cents). Tin concentrate output 5,437 (4,806) piculs. Average price $1,608 ($1,293) per picul. *Average net price tin concentrate per* picul $677 ($498).

LAMONT HOLDINGS—Results for 1977 *reported May 26. Group fixed assets* £1.17m (£1.23m), net current liabilities £10,565 (£411,496). Working capital increased by £397,186 (£542,617 decrease). Chairman says engineering and life assurance divisions should each contribute profits during 1978, but it is likely that *interest charges on property division could absorb the bulk, if not all of these* profits. He now anticipates that it will be 1979 before fruits of property develop*ment are realised, which should transform* profitability and liquidity of the group. Ulster Finance holds 42.2 per cent of equity. Meeting, Edinburgh, July 11, 11 am.

MORAN TEA HOLDINGS—Owing to a delay in receiving accounting information from India on Moran Tea Company *the group's principal trading subsidiary* the company does not now expect to be able to announce the results, for the nine months to *December 31, 1977 until* October

ROWTON HOTELS—Results for 1977 already reported. Fixed assets, £3.61m (£3.65m). Current assets £1.93m (£1.54m) *and liabilities £1.34m (£1.12m)*. Chairman says he looks forward with optimism to increase in turnover and further trading profitability *in current year. Meeting*, London Park Hotel, S.E., July 12 at noon.

RUSSELL BROTHERS (PADDINGTON)—Year to February 26, 1978, turnover £1,614,966 (£1,647,652). Net profit £38,375 (£50,379) after tax £32,900 (£17,200). Earnings per 25p share 5.23p (6.89p). Final dividend 3.28p making 4.28p (3.88p).

TIME PRODUCTS (watch and clock distributing, retail jewellery)—Results for year ended January 31, 1978, reported May 25, with directors' comments on prospects. Group fixed assets, £2.68m (£1.94m). Net current assets, £8.97m (£6.85m). Meeting, Connaught Rooms, W.C., July 18, at noon.

SCOTTISH EUROPEAN INV. CO.—Results to March 31, 1978 reported May 12. Foreign loan assets £5.1m (£4.69m), *foreign investment currency* £1.66m (£1.51m), sterling assets £5.95m (£5.87m), net assets £7.97m (£7.44m). Meeting Edinburgh, July 12 at 2.30 pm.

SHIRES INVESTMENT COMPANY—Results year ended March 31, 1978, already reported. Group investments £3.63m (£3.21m)—unrealised appreciation £399,953 (£217,999). Meeting, 70 Finsbury Pavement, EC, July 11 at noon.

STREETERS OF GODALMING—Results *1977 reported June 10. Group fixed assets* in UK £2m (£1.56m). Plant in Saudi Arabia £0.89m (nil). Net current assets *£57,000 (£1.04m.)—owing by associate* £45,000 (£1.93m). Meeting Cafe Royal, W., July 11 at noon.

VINERS—Results for 1977 already known. Group fixed assets £1.82m (£1.89m). Net current assets £2.47m (£2.55m)—bank loans and overdrafts £2.33m (£2.17m). All steps being taken to mitigate present situation but expected that recovery can only be a gradual process. Meeting, Sheffield, July 7 at noon.

J. W. WASSALL—Turnover £1,701,004 (£1,488,256) for year to March 31, 1978. *Profit £32,697 (£16,345) after all charges* including tax of £35,930 (£22,789). Final 0.24p (0.20p) making total 0.44p (0.40p).

YOUNG AND CO'S BREWERY—Results year ended March 31, 1978, already known. Group fixed assets £12.29m (£11.35m). Net current assets £280,278 (£344,093)—overdraft £249,164 (£494,786). *Meeting*, Wandsworth Town Hall, S.W., July 10 at 11.30 am.

YOUNG COMPANIES INVESTMENT TRUST—Net asset value at June 19, 1978 was 108p.

LEGAL NOTICES

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matters of

No. 001834 of 1978
EUROPEAN CHEFS (CATERING) LIMITED
No. 001835 of 1978
J. E. JOYCE LIMITED
No. 001837 of 1978
ROSSAN BUILDERS LIMITED
No. 001838 of 1978
CIRNUTU LIMITED
No. 001840 of 1978
PRITAM KEWALRAM (LONDON) LIMITED

and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that Petitions for the Winding-Up of the above-named Companies by the High Court of Justice were, on the 12th day of June 1978, presented to the said Court by THE COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 39-41, Mark Lane, London EC3R 7HE, and that the said Petitions are directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 17th day of July 1978, and any creditor or contributory of any of the said Companies desirous to support or oppose the making of an Order on any of the said Petitions may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of any of the said Companies requiring such copy on payment of the regulated charge for the same.

G. F. GLOAK,
King's Beam House,
39-41, Mark Lane,
London EC3R 7HE.
Solicitor for the Petitioners.

NOTE.—Any person who intends to appear on the hearing of any of the said Petitions must serve on, or send by post to, the above-named, notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their Solicitor (if any), and must be served or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 14th day of July 1978.

No. 001841 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of CROYLAND PLUMBING LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 9th day of June 1978 presented to the said Court by BAMBERGERS (EASTERN) LIMITED whose registered office is situate at 347-351, London Road, Westcliff-on-Sea, Essex, Timber & Builders Merchants, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 10th day of July 1978 and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

BRABY & WALLER,
2-3, Rind Court,
Fleet Street,
London EC4A 3DS.
Ref: F-BH-RP. Tel: 01-353 8411.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 7th day of July 1978.

No. 001874 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of ADRIAN HOBBS (PHOTOGRAPHY) LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the winding-up of the above-named Company by the High Court of Justice was, on the 13th day of June 1978, presented to the said Court by THE COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 39-41, Mark Lane, London EC3R 7HE, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 17th day of July 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

G. F. GLOAK,
King's Beam House,
39-41, Mark Lane,
London EC3R 7HE.
Solicitor to the Petitioners.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person, or firm, or his or their Solicitor (if any) and must be served, or if posted must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 14th day of July 1978.

No. 001897 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of J. CAULDWELL WALKER LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 14th day of June 1978, presented to the said Court by CHAPMAN & SONS (CROYDON) LIMITED whose registered office is situate at Tamworth Road Croydon, Surrey, Builders Merchants, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice Strand London WC2A 2LL, on the 17th day of July 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

BRABY & WALLER,
2-3, Rind Court,
Fleet Street,
London EC4A 3DS.
Ref: F TTB. Tel: 01-353 8411.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 14th day of July 1978.

No. 001904 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of NORDEC HOME DECOR LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 15th day of June 1978 presented to the said Court by BALAMUNDI HOLLAND U.K., a Dutch firm, trading at 299 Kensington High Street, London, W8 6NA manufacturers of wallpaper, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL on the 17th day of July 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

LEE & PEMBERTONS,
45, Pont Street,
London, SW1X 0BX.
Solicitors for the Petitioner.

NOTE—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 14th day of July 1978.

COMPANY NOTICES

PUBLIC NOTICES

SEVENOAKS DISTRICT COUNCIL

£350,000 Bills offered 14.6.78 for payment 15.6.78 due 13.9.78 at 9¼%. Applications totalled £2.45m. No other Bills outstanding.

MINING NEWS

BHP's A$350m coal sale to Korea's Pohang

BY KENNETH MARSTON, MINING EDITOR

AUSTRALIA'S Broken Hill Proprietary has obtained a major new coal contract worth more than A$350m (£219m) for its *Gregory mine in Queensland,* reports James Forth from Perth. *The contract is with* Pohang Iron and Steel of South Korea and provides for the supply of 7.1m tonnes of coking coal over 15 years starting in 1980.

It is the largest single coal contract signed by Pohang. The Utah Mining group recently obtained orders for smaller quantities of coal for Pohang while the Korean steelmaker also recently *obtained approval to take a 20 per* cent stake in a coal project at Mount Thorley in New South Wales, in exchange for guaranteeing to place significant orders of coking coal from the project.

The Pohang deal is the third long term contract obtained by BHP for its Gregory project which is due to start shipments in 1980 and accounts for virtually the *entire proposed annual output of* 3m tonnes.

The first contract, which was obtained last August, was with Japanese steelmakers and was valued at about A$1.25bn. The second contract was signed earlier this year with the State-owned holding company for three of *Brazil's large steelmakers, and* was worth about A$250m.

Gold Fields plans to drill in the Highlands

CONSOLIDATED GOLD FIELDS *is seeking planning permission* to drill for base and precious metals at a site 3½ miles south east of Gairloch in the Highlands of Scotland, a company spokesman *said yesterday.*

Its plan is to diamond drill ten holes, each to a depth of about 100 metres, between August and the winter months.

Gairloch is on the western coast of Scotland on The Minch, about 60 miles to the west of Inverness. The site is between Loch Maree and Loch Torridon *in an area which has not been* designated either as a national park or of being of outstanding natural beauty.

However, the scenic attractions *of the area are such as to draw* in tourists. But both Gold Fields and the Highlands and Islands Development Board, which is charged with the economic welfare of the area, point out that the site is not clearly visible and drilling is unlikely to have any impact on visual amenities.

The local planning authority is the **Highland Regional Council**, although the Secretary of State for Scotland has the power to call in applications for consideration if he so desires.

Gold Fields has been seeking minerals in Scotland for some years. It first came across the Gairloch site last September and since then geophysical and geochemical work has encouraged it to embark on a limited drilling programme.

Present indications are that, even if the drilling is successful, only a small deposit will have been discovered, on roughly the same scale as a Cornish tin mine.

The HIDB is in a position to offer Gold Fields financial assistance in its exploration, but so far has received no application.

In recent years Scotland has been the subject of considerable investigation for minerals. The HRC last year asked **Riofinex**, a subsidiary of **Rio Tinto-Zinc**, to re-evaluate surveys already in existence, but by November the work had been abandoned.

Until three years ago, indeed, Gold Fields and RTZ had an active joint exploration programme based on the work of Exploration Ventures.

MINING BRIEFS

BISICHI-JANTAR—April output (tonnes): tin 79.84; columbite 38.12. Four months to date tin 156.32; columbite 149.73. Previous year: tin 157.91, columbite 134.37.

ELECTROLYTIC ZINC—

	Four weeks ended May 31	May 3
	(figs. in tonnes)	
Risdon Works:		
Zinc	14,145	12,924
West Coast Mines:		
Ore milled	54,782	49,373
Lead concentrate	912	1,184
Zinc concentrate	11,813	11,133
Copper concentrate	3,144	2,574

NEW GUINEA GOLDFIELDS—May production: Golden Ridges Mill—Tons ore treated (5,127), assaying (ozs per ton) 0.026, fine gold produced (ounces) 273.1, fine silver produced (ounces) 377.1. Edie Creek Alluvials—Fine gold produced (ounces) 23.5, fine silver produced (ounces) 21.2.

AMALGAMATED TIN NIGERIA—Production of concentrates for May: tin 124 tonnes (April 124 tonnes), columbite 20 tonnes (April 38 tonnes).

Midway growth for Baker's Stores

With trading profits ahead by 80 per cent to £204,097, Baker's Household Stores (Leeds) reports an advance in pre-tax earnings from £136,389 to £218,797 for the 28 weeks to April 1, 1978.

Mr. B. Baker, the chairman, states that trading in the second *half has continued at a satisfactory* level and he has, therefore, every confidence that the company will be able to announce record results at the end of the *year. For all 1976-77, a peak* taxable profit of £223,101 was achieved.

First-half sales rose by 28.4 per cent to £1.66m from the same number of units as the corresponding period. The chairman adds that now the move to a new head office and warehouse has been completed and the company has all the necessary facilities for further expansion, the directors are making every endeavour to acquire further units, and so ensure future growth.

After tax of £114,000 (£71,000) stated earnings increased from a *restated 2.18p to 3.5p per 10p* share. The interim dividend is stepped up to 0.297p (adjusted 0.27p) net, costing £3,460 (£4,964) after a waiver by the chairman *on 1,161,534 shares—for 1976-77,* payments totalled an equivalent 0.565162207p adjusted for a one-for-two scrip.

Turnover for the year was £540,312 against £350,004. The profit compares with a loss previously of £94,374 and is after interest of £140,909 (£204,407) but includes a share of associate's profits of £562 (nil). Tax charge is £4,122 (£11,127 credit).

There are also extraordinary credits totalling £298,985 against a £30,206 debit previously.

After deducting a *revaluation* surplus in 1972 on the "exchange" already credited to capital reserve of £140,808 (nil) and a debit transfer to capital reserve of £4,936 last year, a profit of £149,057 is retained compared with *a loss of £115,411 in 1976-77.*

At May 22 this year, *Throgmorton Trust beneficially* owned 13.83 per cent of the group. Meeting, Exeter, July 14, at noon.

Twinlock seeks damages from Investment Co.

The one-third National Enterprise Board owned Twinlock has begun proceedings against Major G. L. Webb, The Investment Company and another claiming substantial damages arising from the acquisition of The Shannon.

Proceedings commenced in *March it is shown in the directors* report with accounts for the March 3, 1978 year.

Major Webb is the chairman of Investment Company and is *interested in 52.3 per cent of its* Ordinary shares. The Investment Company owns 5.4 per cent of shares in Twinlock.

Shannon was purchased by Twinlock late in 1974-75 and in that year Twinlock's profit rose *from £0.97m to £1.01m. The follow*ing year it slumped to a £0.64m loss and before this year's £0.64m profit a further loss of £0.26m was incurred.

Mr. A. K. L. Stephenson, the chairman, says the return to profitability coupled with the maintenance of market leadership in key areas of its business encourages directors to view the current year with optimism. The *emphasis continues on improved* use of funds.

Shannon was acquired by Investment in 1972 and following the amalgamation of Shannon and Twilock in 1974-75 *Investment* acquired an 11 per cent stake in Twinlock and Major Webb became deputy chairman of Twinlock. In 1976 Major Webb was resisting attempts to remove *him* from the Board. He is no longer a director.

At March 3, net current assets of Twinlock, a loose leaf equipment, systems and filing products group, were £3.44m (£3.38m) and fixed assets £5.74m (£6.12m).

Improved outlook at Westbrick

It is already clear that actions taken to date will favourably influence the results of **Westbrick Products** for the current year and will *arrest* the alarming cash outflow previously experienced, Mr. J. W. Sutherland, chairman, says in his annual report.

The current year has opened *with a satisfactory trading per*formance, Mr. Sutherland states. Sales have exceeded budgets for the first two months, order books overall remain sound and there has been *a healthy cash inflow* during this period.

During the current year, a concentrated effort will be made to reduce stockholdings, particularly in brick activity. This will *have* the effect of releasing cash during the second six months.

For the year ended March 31, 1978, pre-tax profits were £331,000 against £206,000 after exceptional losses of £194,000. The dividend total is 1.5p (2.924p).

A current cost statement shows a depreciation adjustment of £124,000, cost of sales, £168,000 and gearing adjustment of £58,000 giving a pre-tax profit of £72,000 after exceptional losses of £219,000—this figure includes an additional £25,000 for plant write-offs.

Control Secs. back in profit

Control Securities, property letting and development group, is back in profit with £43,681 before tax for the year ended March 31, 1978, following four successive years in the red. The directors are recommending a dividend of 0.923p per 10p share—the last payment was 0.01875p in 1972-73.

Earnings per share are shown at 1.04p (2.54p loss).

Reports to Meetings

Hawker chief on compensation

Legal complications are holding up compensation for Hawker *Siddeley's nationalised aircraft* interests, the group's chairman Sir *Arnold Hall said yesterday.*

Addressing shareholders at the annual meeting Sir Arnold blamed the 1977 Aircraft and Shipbuilding Act, which he described as one "of great complexity." Meetings to discuss terms for future payments, however, have now been *arranged and these would take* place next month, he added.

Sir Arnold explicitly excused the Government's negotiators from *his criticisms. "It is not their* fault that they have been presented with this Act," he said.

Only last week, Lord Robens, chairman of the Vickers engineering group, complained of "shabby, petty, paltry and indifferent" treatment in respect of payments to his company for its nationalised aircraft and shipbuilding subsidiaries.

So far Hawker Siddeley has received a total of £3.1m on account for the value of the shares of its former UK aerospace interests. *More importantly,* however, loans amounting to £48.7m have been repaid to the group since vesting. Following discussions with British Aerospace, the company has also agreed to forego repayment of loans totalling £4.3m on the grounds that this will more appropriately be dealt with in the compensation negotiations for the shares.

Sir Arnold told holders that there were "well known methods" in the City of London—more satisfactory than the terms of the 1977 Act—for *assessing the assets* of a company. "If there is any relationship between the sum we eventually get and the value of our former assets it will be entirely a matter of coincidence," he commented.

On current prospects Sir Arnold said international trade was not expanding, making conditions more difficult. Uncertainties over wage and dividend controls, *the rate of UK inflation* and the timing of the next election were all factors which were affecting the company. Referring to the recent increase in *employers' National Insurance contributions,* he said this would cost Hawker Siddeley about £4m in a full year. On the proposed takeover of Carlton Industries, Sir *Arnold said he expected the deal* to be cleared within the next week.

C. & W. WALKER

Performance so far this year is ahead of the same period last year, Mr. George Lewis, the chairman, told holders and he saw no reason to change his forecast of further improvement *in 1978.*

WADHAM

Mr. F. C. Stringer, the chairman, said turnover in the first four months of this year was 39 per cent higher and profitability had matched the sales increase.

The group has acquired a Vauxhall/Bedford main dealership in Worcester, which becomes operational from July 1 and is the first dealership for this manufacturer. "We have high hopes of achieving very good results in *due course," members were told.*

BAMBERS STORES

Shareholders of Vernon Fashion Group voted *unanimously at the* AGM in favour of changing the name of the company to Bambers Stores.

Mr. S. Marks, the chairman said *that sales in the first five months* of the current year were far in excess of last year.

Eight new stores have been opened since the year-end, and *now total 113; a further 10 stores* are due to be opened over the next few months. Indications are that sales should well exceed the level of last year and the future "looks very bright."

Provincial Insurance

The combination in the final quarter of last year of adverse weather conditions and the firemen's strike made a substantial impact on the progress of Provincial Insurance Company.

Mr. C. F. E. Shakerley, in his first chairman's statement, points out that the company aimed to improve home underwriting *results during 1977 to a break*-even situation. At the end of six months this looked very likely, despite problems in the comprehensive (household contents) *account.* Then came the poor results in the final quarter.

The substantial home motor account grew strongly during the year and produced a useful profit. Mr. Shakerley expects that, despite the tendency for claims incidence to increase, this account should continue to produce a modest profit. The fire account had a marginal loss after the November storms and a sharp rise in fire loss wastage during the firemen's strike, while the accident account produced a small loss due to a poor result in the yacht and motor boat portfolio.

The comprehensive (household contents) account produced the most intractable problems, despite considerable success in *persuading policyholders to accept* index-linked sums insured. Mr. Shakerley points out that such a system can only be successful if the base sum insured is adequate and in too many cases this was not so. The all-risks portfolio was disproportionately adverse producing an exceptional increase in claims incidence and drastic action is being taken.

Business in the life subsidiary, Provincial Life, was buoyant with life funds increasing by £5m to *£17.4m. The actuarial valuation at* the year-end showed a substantial surplus and as already reported a reversionary bonus was paid to with-profit policyholders for the first time since the company was formed in 1969.

BIDS AND DEALS

Redland expands in U.S. with £14m purchase

BY JOHN MOORE

Redland, the UK based building materials and contracting group, is planning to purchase for $26m (£14m) an American roof fastening manufacturer. Announcing the intended bid yesterday Redland said that an agreement had been reached in principle whereby Redland *could make* an offer of $12.5 for each share of Automated Building Components *of Miami*.

The Automated board, which holds around 54 per cent of the equity intends to recommend the bid once the necessary formalities have been completed. The group reported sales of around $49m, and a net after tax profit of $3.1m for the year ending January 31 1978.

In the U.S. Redland has subsidiaries engaged in traffic engineering and traffic control devices which produced sales in the last financial year of around $20m.

The move was *described* last night by Redland as "part of our overall plan to establish a *stronger position* in the U.S., where so far we have been quite small." Redland sees little growth potential in the UK building industry and is worried that continental *growth* could slow. "We have exploited the UK and European markets so now we are turning our attention to the U.S." Other acquisitions are expected to be made.

The group has not decided on the final financing arrangements *of the bid. In the last balance* sheet borrowing at Redland was running at around 44 per cent of shareholders' funds. There was net cash of £11.4m, and medium *and long term loan of £26.9m.* "So obviously we will have to borrow," said the company.

RACAL RAISES STAKE IN ADWEST

Racal Electronics, whose *preliminary results* are due today, has increased its holding in Adwest to 7.71 per cent.

Racal's interest in Adwest, an agricultural, automotive and electrical engineer, first came to light last August. By January this year, the stake had crept up to 6.51 per cent.

A spokesman for Racal yesterday reiterated previous statements that there was no intention of making a bid for Adwest. He also said that Racal is making other share investments which do not come to light because the stakes are less than 5 per cent of the companies concerned.

BAT DEAL GOING WELL

BAT Industries said yesterday that *negotiations to buy Appleton* Papers of the U.S.—for which it is bidding £153m—were progressing well and that it expected to conclude the deal by the end of this month.

ASSOCIATES DEALS

Robert Fleming and Co. on June 16 bought for associates being *discretionary* clients 5,682 Investment Trust Corporation at 275p.

Cazenove and Co. bought 2,500 Cornercroft at 66½p on behalf of *County Bank, associate of Cornercroft.*

Rowe and Pitman, Hurst-Brown bought for a discretionary investment client 5,000 Cement-Roadstone Holdings at 83p.

Hedderwick Stirling Grumbar and Co. brokers to Newman Industries, on behalf of associates of Newman has bought 20,000 *Wood and Sons (Holdings)* at 55½p.

Hedderwick Stirling Grumbar and Co., brokers to Newman Industries, on behalf of associates of Newman bought 5,000 Wood and Sons (Holdings) at 55½p.

Barclays Bank Trust Company has dealt in the following securities of The Investment Trust Corporation: On June 15 sold *20,000* shares at *275p xd, 10,000* shares at 276p xd, 25,000 shares at 276p xd and 55,000 at 277p xd. On June 15 bought 5,682 at 275p xd and bought on June 16 359 ordinary stock units of Barclays Bank at 326p and on June 20, sold 1,350 ordinary stock units of Barclays Bank at *312p* in each case as custodian trustees.

DECISION ON TENNECO EXPECTED SOON

The Office of Fair Trading is *expected to make its recommendation* today or tomorrow on whether Tenneco's bid to acquire the 50.2 per cent of Albright and Wilson it does not already own should be referred to the Monopolies Commission.

The Prices Secretary, Mr. Roy Hattersley, does not have to accept the secret *recommendation* but political pressure is in favour of letting the deal go through, now that the unions have conditionally accepted it.

Shares of Albright and Wilson jumped 10p to 175p yesterday *following* the news that the unions had been won round to the deal as long as Tenneco makes a number of commitments.

Mr. David Warburton, national industrial *officer* of the General and Municipal Workers Union, said yesterday, "Together with *other unions who have members* employed in Albright and Wilson, we seek formal confirmation from Tenneco that they will undertake to pursue a policy to maintain *good industrial relations, expand* operations and provide union representatives with more information on future development of the group. The GMWU seeks assurances on job security and a commitment that Tenneco will not adversely interfere with the progress of the industrial strategy in the chemical industry."

Tenneco is expected to agree to make these commitments in *addition* to others *which* the Department of Industry is asking for. These include giving the fullest possible information to the workforce and involving them in decision-making as far as possible. The DOI is also asking for the majority of British directors on the Board to be maintained, a stated intention to maintain the positive balance of payments for the UK and an agreement not to dispose of any part of the equity or assets of Albright without consultation.

Although these conditions appear tough, Tenneco is apparently willing to accept them because they represent little that is different from its normal decentralised method of operation. Also some of these conditions were made before, in 1974.

The political pressure is now all in favour of the deal because the Government does not want to spoil its efforts to attract American investment in the UK. In fact Mr. Alan Williams, Minister of State for Industry, who has been dealing with the Tenneco/Albright case, recently went to *the U.S. to encourage businessmen* to invest in Britain.

MOOLOYA

The City Take-over Panel confirmed *yesterday that it was seeking* further information from Mooloya regarding an agreement to pay a fee to Gras d-Eau Consultants of Jersey, "in the event *that* certain shareholders of Customagic accept an offer by Mooloy afor their shares."

Mooloya is bidding £1m for Customagic and its agreement with Gras d'Eau was mentioned in the company's offer document sent to Customagic shareholders this week.

BARCLAYS TO MEET HOLDERS ON ITC BID

Barclays Bank is set to meet its shareholders at an extra-ordinary meeting on July 12—the same day as Investment Trust Corporation shareholders are to meet to consider Barclay's controversial £92.6m bid for the trust.

The bank, which sent its offer document to ITC shareholders yesterday, can expect its meeting with its own shareholders to be fairly stormy.

There is already some institutional opposition to the deal which has prompted the launch *of a specia linvestigation by the* Investment Protection Committee of the National Association of *Pension Funds.*

Barclays said yesterday that it intended posting notices of the extraordinary meeting to its shareholders on Monday.

At the ITC meeting on July 12 ordinary shareholders will be asked to approve the payment of sums totalling £29,000 to ITC directors who are to retire as part of the deal.

Under the terms of the deal Barclay is offering its own shares worth £92.8m in a bid which values ITC shares at 295p—there is a cash alternative of 284p.

The key to the bid, however, is the Post Office Staff Superannuation Fund's agreement to subsequently purchase the investment trust for £85m cash from Barclays.

The offer document reveals that the PSSF intends to end ITC's status as an authorised investment trust by May 1, 1979. At *this point it would retain the* whole, or a substantial part of the investment portfolio, and ITC would be wound up.

The option agreement with Barclays is dependent upon the bank acquiring not less than 77 per cent of the issued ordinary capital of ITC.

The offer document also reveals *that* Barclays earlier this month completed arrangements for a private placing of SFr 60m of 4¼ per cent notes.

BRIDGEWATER

With the restoration yesterday of the shares of Bridgewater Investment Trust following the interim settlement of the dispute with Law Debenture over the terms of the loan stock, the sale of Clifton Investments' 54.9 per cent stake, to Sagest, the *Swiss* company bidding for Bridgewater, has gone unconditional.

At the same time Sagest has issued its offer document in which *it says it intends to get approval* for Bridgewater to be an authorised investment trust. It proposes to concentrate on small to medium companies but will sell Bridgewater's existing unquoted securities.

Its main priorities, it claims, will be to utilise existing tax losses and to build up the asset base by waiving its own dividend entitlements until this is achieved. It also proposes to inject long term loan capital into Bridgewater.

The document also contains details of Bridgewater's results to March 31 which show that there were pre-tax losses of £9,488 last year compared with profits of £4,742. Income was £42,000 (£46,400) and management fees were £35,368 (£28,805).

Sagest is offering 6.6p in cash for each share which compares with stated net assets of 5.6p in the unaudited balance sheet *accompanying the offer.*

CORNERCROFT'S REJECTION

Cornercroft has rejected Armstrong Equipment's *£1.6m cash bid* as inadequate on the grounds that it is substantially below the asset value of Cornercroft and that the price offered ignores its potential.

Cornercroft said in a circular dispatched to shareholders yesterday that its net tangible assets at *September 30, 1977*, amount to about £2.4m or 96p per share compared with Armstrong's cash bid of 65p per share and its alternative share offer worth £1.7m.

At the same time, Cornercroft reported group pre-tax profits for the first half to March 31, 1978 up 19.3 per cent to £136,000 on a turnover increase of 12.7 per cent to *£2.51m.*

The improved performance reflected a turnround by Cornercroft Engineering and better results from its pump manufacturing subsidiary, James Beresford and Son, and Cornercroft (Agriculture).

With group order book at June 1 standing some 86 per cent higher at £2.83m and sales for the first eight months rising 18.6 per cent to £3.65m. Cornercroft *is expecting the full year's pre-tax* profits to be higher than the £250,716 in 1976-77.

Cornercroft also *said* its Board expects to recommend a final dividend for the current year of 2.9275p net which would represent, together with the interim *dividend of 1.2252p, a total dividend* of 4.1527p or an increase of 30 per cent over last year.

The company added that it has no objection in principle to being *taken over* by Armstrong and, "if a fair price were offered, the Board would recommend it." Cornercroft's Board will not accept in respect of its holding of 9.4 per cent.

JOVE/KINGSIDE

Offers made on behalf of Jove Investment Trust for Kingside Investment Company have become wholly unconditional and will remain open for acceptance until further notice. Offers have been accepted in respect of 8,607,969 (95.49 per cent) ordinary Kingside shares now converted into deferred shares and 8,607,969 new Kingside ordinary shares (95.49 per cent) being the new ordinary shares allotted by way of capitalisation. The cash offer, which has been accepted in respect of 6,575,174 new Jove income shares and 6,575,174 new Jove capital shares, has closed.

An air of gloom at 'Lofs'

NOT ENCOURAGING. That is how Mr. Basil Mavroleon, chairman, describes the outlook at London and Overseas Freighters.

He says that as he wrote his annual statement he was faced with the problem of whether or not to lay-up the 138,000-ton tankers on completion of their current voyages. All things considered he is hopeful that they will be able to be kept trading, but he adds that it would be *foolish of him to predict* any substantial improvement in the outcome of their operation during the current year.

Nevertheless, he is firmly of the view that the future profitability of Lof's depends mainly on the large tankers.

Mr. Mavroleon explains that in times of depression — which he thinks may continue for another couple of years — tanker losses are substantial, but when rates do improve to a profitable level it is *surprising how small an incremental* improvement in freight rates can produce an enormously increased profit.

There has been some improvement in both tanker and dry-cargo freight rates since the end of last year, but it is too early to say whether or not *these improvements* are likely to be of a lasting nature in relation to the vessels in the company's fleet.

As already reported, after a £1.75m surplus on disposal of vessels a £3.25m loss was incurred for the year to March 31, 1978; *this compared with a profit of* £3.26m for the previous 12 months — nearly all of which was attributable to vessel disposals.

The AGM of the company will be held at the Baltic Exchange, EC, on July 11 at 11 am.

Globe Investment

Gross revenue of Globe Investment Trust amounted to £18.44m in the year ended March 31, 1978 against £16.88m *previously*. Net *earnings* were £9.33m compared with £8.29m.

A net final dividend of 2.4p makes a total of 3p (4.1p). At the time of the merger proposals with Cable Trust in July last year, a maintained dividend on higher *capital* was *anticipated*. Basic earnings per share are 3.773p (5.107p) and 3.492p (4.902p) fully diluted.

Tax charge for the year is £6.09m (£5.52m) and minorities £743,857 against £673,288.

Net assets per ordinary share are 155¾p (141½p) and 151¼p (137¾p) allowing for full conversion.

Seafield Gentex cuts loss

THE TRADING loss at Seafield Gentex was cut from £246,769 to £74,344 in the March 31, 1978 half year. Reflecting the *disposal* of Milano Fashions and Castleguard Textile Co. turnover fell *from £8.2m to £6.33m, with* £5.22m against £6.43m related to exports.

The improvement in the trading loss is expected to continue for the remainder of the year, however terminal losses and redundancies at Castleguard and *other companies are expected to* be about £0.5m.

Mr. R. D. Lord, the chairman, says that as some 80 per cent of group turnover is in exports any worthwhile improvement in trading conditions depends on the implementation of the Multi-Fibre *Agreement and on recent modifi*cations to the Temporary Employment Subsidy.

"It seems that it will not be possible to assess the benefits of these changes until probably the beginning of 1979."

He says the improvement in the first half came as a result of management action, as normal trading conditions have yet to return to the group's sector of the textile industry.

After loan interest of £17,056 (£18,000) and minority interests of £2,906 (£261) the attributable loss came out at £88,494 (£264,308).

INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORTH AMERICAN NEWS

Kennecott victory challenged

By Our Own Correspondent

NEW YORK, June 21.

THE Curtiss-Wright-Kennecott Copper Corporation proxy battle plunged into even deeper confusion at the reconvened Kennecott annual meeting yesterday, when it was unclear as to whether the company's list or directors had actually been formally re-elected.

Although Curtiss-Wright is not apparently disputing that the Kennecott list won a majority of shareholders' votes at the May 2 annual meeting, it is disputing the 1.6m vote margin reported today by the Corporation Trust Company, whose officials are acting as inspectors of elections.

At the reconvened annual meeting to accept the inspectors' report, Curtiss-Wright moved the rejection of the reported ballot result and claimed that it had won this vote by 12,057m votes to 12.054m. However, Kennecott's chairman Mr. Frank Milliken, had previously ruled that this challenge was out of order, although the subsequent vote was judged by Curtiss-Wright to have overturned his ruling.

As a result, Curtiss-Wright is claiming that the Kennecott board has not yet been formally re-elected, and that the annual meeting is still open and pending. Its opposition to the inspectors' report is based on a claim that some 830,000 votes originally cast in favour of the Kennecott list of directors were revoked the day before the annual meeting, but nevertheless included by the inspectors of election in the Kennecott tally.

Curtiss-Wright's main objective now is to seek a re-run of the proxy solicitation, either through negotiation with the Kennecott management or through court hearings which start this week. The chances of success by the first route are remote, but a court upset in Curtiss-Wright's favour should not be ruled out.

● Reuter adds from New York: Kennecott Copper said that the vote at the annual meeting was proper. Even if Curtiss-Wright's objections to the vote were upheld and it had been allowed to use 800,000 extra votes, Kennecott would have won the ballot by voting 1.3m votes otherwise disallowed, it said.

Mr. Milliken said that the only business properly before the meeting was stated in an agreement signed by both parties on May 2. It reads "the final reconvened meeting will record the vote certified by the inspectors and will conduct no other business."

Government approval for merger of Lykes and LTV

BY JOHN WYLES

NEW YORK, June 21.

THE U.S. Attorney General, Mr. Griffin Bell today ended a major industrial cliff-hanger by agreeing to the proposed merger of LTV Corporation and Lykes Corporation, which could have far-reaching consequences for the U.S. steel industry. The two companies originally agreed to merge last November.

Mr. Bell made his announcement this morning after wrestling with the problem for many weeks. On the one hand, he has been advised by the staff of his anti-trust division against allowing the merger, but on the other he was keenly aware of the political problems for the Carter Administration if Lykes, as a result of a veto, was forced to declare yet more redundancies at its plants in Youngstown, Ohio.

In the event, Mr. Bell revealed this morning that the merger between the steel industry's seventh and eighth largest companies could go ahead because of the "failing company" exception to th eanti-trust laws. He said that the Department had concluded that Lykes "could run out of cash during the second half of 1978" and that by March of next year the company's deficit might be $130m. or perhaps even twice that amount.

Lykes' Indianna Harbour Plant at Youngstown was losing $4m to $5m a month despite favourable market conditions and high capacity utilisation, Mr. Bell noted, and he added that there appeared little hope of a significant improvement in the situation, which meant that the company "would have no alternative but to dispose of substantial assets." However, he questioned whether assets could be sold quickly enough to do substantial good.

Describing it as a very tough decision, Mr. Bell acknowledged that his anti-trust staff and the head of the Department's anti-trust division, Mr. John Shenefield, were opposed to the merger. But the weakness of Lykes' financial position "led me to conclude that Lykes faced a grave probability of a business failure in the near future, and that the prospects for turning thte situation around absent the proposed merger were highly speculative," said Mr. Bell.

Thus the Government has cleared the way for a combination which will create the third largest steel company in the country after U.S. Steel and Bethlehem Steel. The merger of LTV's Jones and Laughlin Steel company with Lykes' Youngstown Sheet and Tube brings together two loss-making businesses whose managers are optimistic about turning around through rationalisation and consolidation Having declared 5,000 Youngstown workers redundant last year, the merger question has become a vital political topic in the area and the Carter Administration understandably does not want to be held responsible for killing off an already maimed community.

However, the Department of Justice's anti-trust division is believed to be gravely worried about the precedent which the merger sets since there are several other steel companies with out-of-date plant, precarious balance-sheets and uncertain business prospects. They fear that the Lykes-LTV union will be followed by several other acquisitions which will not help the cause of anti-trust in one of the country's most important industries.

Apart from arguing the "failing company" case, LTV and Lykes sought approval for the merger on the grounds of improved efficiency. It was said that the new company would be 100 per cent self-sufficient in iron ore, 100 per cent self-sufficient in high-volatile coal and the possessor of adequate coke-making plant. Separately, neither company enjoys these advantages.

At the same time, the two companies' steelmaking and finishing facilities were claimed to be complementary. An LTV official has been quoted as saying that the combined profit margin would be 2 per cent higher as a result of savings which could be achieved through the merger.

Department of Justice approval for the merger was needed under the terms of a consent decree which followed LTV's acquisition of Jones and Laughlin in 1970. But LTV, in common with Lykes, has been suffering badly during the steel industry's crisis over the past 18 months and the two companies last year registered a combined loss of $249m.

The merger is one of the biggest in U.S. history creating a company with combined assets of more than $3.6bn, shareholders funds of more than $900m, more than 80,000 employees and combined sales last year of $6.4bn. The ranking of the combined company in the Fortune list of top 500 companies at the end of 1977 would be 23.

Director resigns at Husky

By Robert Gibbens

MONTREAL, June 21.

MR. GLENN NIELSON, Chairman of Husky Oil, has denied reports that the Board was seriously split over its decision to accept a share-exchange bid from Occidental Petroleum of the U.S. and reject the offer from Petro-Canada, the Canadian National Oil Company. But it was later confirmed that Mr. Ward C. Pitfield had resigned from the Husky Board late on Tuesday.

All the directors, except two, were present at the Board meeting at which both offers were considered, Mr. Nielson said. "It was the unanimous decision of all those present to approve Occidental's offer, when made."

He said two of the twelve directors were absent for clear reasons. One, an American, already aware of the bids and favoured Occidental: the other, a Canadian, was absent because his firm, Pitfield Mackay Ross, represented Petro-Canada in its offer to Husky.

However, "it was a shock and a surprise" to find Mr. Ward C. Pitfield, one of Husky's director's, "sitting on the other side of the table representing Petro-Canada."

With the exception of Mr. Pitfield, all the Husky directors favoured the Occidental bid.

In Ottawa, the Industry Minister Mr. Jack Horner, said the Oxy bid for Husky will "definitely" have to come before the Foreign Investment Review Agency for a ruling on whether it would be of significant benefit to Canada.

Loss at Litton this year after warship settlement

BY OUR OWN CORRESPONDENT

NEW YORK, June 21.

LITTON INDUSTRIES is to take an after tax loss of $174m as a result of a settlement with the U.S. Navy which ends a nine year dispute over extra costs on a $1.09bn shipbuilding contract.

In the wake of the settlement announced yesterday, Litton's chairman, Mr. Charles Thornton, warned that instead of the record earnings expected from the diversified company, there would now be a "substantial loss" in the current fiscal year. Litton is to absorb $200m of the $647m additional payments it was claiming, while the Navy, assuming Congressional approval, will pay the balance.

This settlement comes just 11 days after an agreement to end a similar dispute between the Navy and General Dynamics. The agreed formula provides for General Dynamics to absorb a $359m loss with the Navy paying an extra $484m on a contract for 18 nuclear powered submarines. The two settlements involve the Government in extra payments of $931m.

Mr. Thornton said last night that his company would take a pre-tax loss this year of $333m comprising the $200m in the settlement and $133m in start-up costs for its Pascagoula, Mississippi, shipyard. Analysts had expected the company to return around $70m in net profits for this fiscal year, which indicates that after a post tax loss of $174m the company's deficit will be more than $100m.

The dispute with the Navy stemmed from a $1.095bn contract to build five amphibious assault ships, known as LHA's. Two have so far been delivered, very much behind schedule, but for the past nine years Litton has accused the Navy of excessive design changes. As in the General Dynamics case, the Navy seems to have been impelled towards a settlement by fears of further delay, costly litigation, and possible damage to the company's ability to perform on other contracts.

In addition to the LHA's, Litton has contracts worth more than $4bn to build 30 destroyers. Possible cost overruns on these contracts are covered by the agreement to the extent that any added costs will be met equally up to $100m. Anything above that will be Litton's responsibility, but 80 per cent of any cost reductions will go to Litton.

The Navy still has one remaining contract dispute to settle, with Tenneco, which has lodged $742m of claims against the Government.

U.S. Steel debt rating lowered

BY STEWART FLEMING

NEW YORK, June 21.

FURTHER EVIDENCE of the longer term financial problems facing the steel industry came today with Standard and Poor's announcement that it was lowering its ratings on United States Steel's senior debt issues.

Ratings on senior debt are being reduced from double-A to double-A-minus, and on the company's subordinated debt from single-A to A-minus. Similar changes were made on the company's pollution control and industrial revenue bonds.

Standard and Poor's, commenting on the decision, said although the company's operating results are showing a strong recovery, it doubted that in the years immediately ahead its key financial ratios would return to and be maintained at previous levels because of substantial increases in debt and interest costs over the past two years.

The rating reductions will mean that U.S. Steel will have to pay a higher interest rate on debt issues than would otherwise be the case and will put increased pressure on the company to improve its profitability.

Chris-Craft denies Fox plans

NEW YORK, June 21.

IN A further statement filed with the Federal Communications Commission (FCC), Chris-Craft Industries denied any plans to seek control of Twentieth Century-Fox Film Corporation and reiterated its contention that its Fox holdings are for investment purposes only. But Chris-Craft disclosed that its holding in Fox has recently been increased to over 9 per cent of the common stock.

On June 7, Fox asked the FCC to order Chris-raft to state definitively whether it plans a Fox takeover and charged that the diversified pleasure boat and broadcasting concern had "presumptively embarked on a scheme to obtain control of Fox and its television stations."

Chris-raft responded that there "wasn't a shred of extrinsic evidence" to support Fox's charges. As of June 15, Chris-Craft owned 716,500 shares or about 9.3 per cent of the 7.7m Fox common shares outstanding. This represents an increase of 62,000 shares since Fox's petition to the FCC when it was stated that Chris-Craft owned 654,500 share or about 8.5 per cent of the film company's common. In a subsequent filing with the SEC Chris-Craft said it acquired the additional 62,000 shares between May 25 and June 15 on the open market at prices ranging from $34.75 to $37.75 a share. AP-DJ

Gen. Public Utilities

NEW YORK, June 21.

GENERAL Public Utilities Corporation had net income for the five months ended May 31 of $57.72m. or 96 cents a share compared with $57.14m. or $1.03 a share. Sales revenues rose from $508.59m. to $555.67m. This result gave the company net income for the year of $143.36m. or $2.43 a share against $139.27m. or $2.52 a share. Full year sales increased from $1.13bn to $1.3bn.

Meanwhile, the small computer company Data General Corporation reports per share earnings for the last nine month of $3.60 against $1.89 for the comparable period last year

Eastern expects record

NEW YORK, June 21.

EASTERN AIRLINES expects record profits in 1978 and hopes to introduce a continuous and modest dividend programme on common stock at the end of the year, according to Mr. Frank Borman, the chairman.

The company last paid a cash dividend of 12½ cents a share in August 1969. Eastern's previous record net profit was $46.24m in 1976, and this was followed by a fall to $34.74m last year.

Mr. Borman said that the business outlook was good, and was expected to remain good at least through the first half of 1979. He pointed out that the airline increased its capacity by 6 per cent, and recorded a 32 per cent increase in revenue passenger miles.

Second quarter earnings will be the best in the company's history, Mr. Borman said. In the second quarter last year, Eastern earned $7.18m on sales of $498.82m.

Bookings for the month of June are following the pattern of May's increase in revenue passenger miles. Bookings for July and August are even higher than they have been so far in the year, said Mr. Borman.

The growth is coming not just from discount fares but across the company's entire system, including business markets.

Mr. Borman said that Eastern is filing for new routes, with the aim of making St. Louis and Miami important route centres. Reuter

NYSE move on Bache deals

Bache Group's repurchase of 560,000 of its shares at a premium of almost $1.2m above the market price is being examined by the New York Stock Exchange for possible violation of big board rules, reports AP-DJ from New York. Bache had said that the deals were made to expunge the threat of a takeover bid. It is understood that the big board is assessing the fairness of a situation where a handful of Bache Group holders were able to privately sell stock back to the corporation at a price considerably higher than the going market rate.

Du Pont charge

Du Pont will phase out over the next several months the manufacture and sale of powder made from "surlyn" ionomer because of falling demand, and, as a result, will take a second quarter charge of $7.5m or 16 cents a share, reports Reuter from Wilmington.

Exxon loans

Exxon Corporation will need to make substantial borrowings in the next decade to finance developments such as oil shale, the chairman, Mr. C. Garvin said, reports Reuter from Washington. Return on investment would not be sufficient from some future developments.

FASB opposition

The Financial Accounting Standards Board's move to draft accounting concepts for Government units and non-business groups is considered certain to run into opposition in the public hearings set by the FASB, the senior rule making body for corporations, reports AP-DJ from New York.

EUROBONDS

City of Kobe gets mixed response

By Mary Campbell

THE dollar sector of the Eurobond market was flat yesterday with prices generally off perhaps an eighth of a point on average. Hydro Quebec was quoted at 97⅞/⅜ most of the day by the lead manager, S. G. Warburg, and at a slightly lower level by the rest of the market. It had been priced at 99½ and was opened by Warburg's on Tuesday at 98/8½.

First reactions to the City of Kobe's D-Mark issue—the first straight issue in this sector of the market for well over a month—were mixed.

The demand for Japanese convertible issues soared yesterday in line with demand for the currency. In first time trading yesterday, the ASICS issue was quoted up to 104, though it ended the day slightly lower. It had been priced on terms which were notably tighter than had been indicated.

Solid growth at AT & T

NEW YORK, June 21.

FURTHER sound growth is reported by American Telephone and Telegraph with net earnings amounting to $1.3bn, or $1.92 a share for the three months ended May 31, compared with $1.1bn, or $1.77 a share in the corresponding period of 1977.

Operating revenue totalled $10.14bn, against $8.97bn previously, with the overall volume of business showing a 10.8 per cent gain in the latest three month period.

The latest returns boost pre tax profits for 12 months to May 31 to $4.8bn, or $7.31 share, against $4.1bn, or $6.50 share for the previous year.

Operating revenues were $38.4bn against $34.3bn previously. AP-DJ

VONTOBEL EUROBOND INDICES

14.5.76=100%

PRICE INDEX	20.6.78	13.6.78	AVERAGE YIELD	20.6.78	13.6.78
DM Bonds	106.25	106.24	DM Bonds	6.521	6.519
HFL Bonds & Notes	105.01	105.10	HFL Bonds & Notes	7.428	7.410
U.S. $ Strt. Bonds	99.15	99.10	U.S. $ Strt. Bonds	8.646	8.848
Can.-Dollar Bonds	100.02	100.14	Can.-Dollar Bonds	9.284	9.264

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Ruhrkohle confident of longer term outlook

BY ADRIAN DICKS

ESSEN, June 21.

DESPITE VIRTUALLY stagnant sales and disappointing financial results in the short term, West Germany's biggest coal mining group, Ruhrkohle, is confident that it can both adjust production to sales and also now undertake the ambitious investment programme needed to ensure coal's future in the 1980's, the company's chairman, Herr Karlheinz Bund, said here today.

The green light for Ruhrkohle's investment plans was the agreement by the federal government and the authorities in the coalfield states to provide some DM 582m a year in development subsidies to the industry in the period 1978-81, which should allow it to overcome chronic short-term cash problems brought about by the shortfall in sales to the steel and electricity industries.

Of this overall sum Ruhrkohle expects to receive about DM 450m a year, and for the current year is going ahead with investment plans totalling DM 480m including DM 147m for research.

In addition, Ruhrkohle will press ahead with the development of three new pits and with further exploration of deposits in the Ruhr area, as part of its continuing policy of closing down older, less economic pits as the coal is worked out. In the *short-term, capacity will fall as* the company carries out already announced plans to shut down two older pits this year and next.

For the time being, Herr Bund made clear, Ruhrkohle remains troubled by over-capacity. Total sales of coal and coke dropped 7 per cent from 62.5m tonnes in 1976 to 58m tonens in 1977, with those to the steel industry down nearly 10 per cent to 29m tonnes and those to electrical utilities down 1m to 21m. This year, the company is expecting total sales of about 61m tonnes.

Ruhrkohle ended 1977 with operating losses of DM 525m. *these could be covered only by* drawing down reserves built up largely by the DM 423m profit earned in 1976.

E. Merck off to good start

BY GUY HAWTIN

FRANKFURT, June 21.

E. MERCK, one of West Germany's leading pharmaceutical *concerns, has made "a* relatively good start to 1978." Sales during the first half have *shown a marked increase* and the management hopes that it will be able to maintain the growth during the second half.

Merck, which is based in *Darmstadt said* that in contrast to the disappointing performance in 1977, the current year had produced a considerable improvement in business. World sales during the opening six months had increased by about 8 per cent, with domestic and foreign turnover equally contributing to growth. The trend, however, was for domestic sales to do rather *better than those abroad.*

Pharmaceutical sales have shown the greatest improvement, with turnover up by 10 per cent. However, the group's chemicals *sales have followed the norm for* the industry this year and have risen by 2-3 per cent. Consolidated group turnover rose by about 5 per cent during the first six months.

According to the Merck management, 1978 should see a return to normal after the disappointing 1977 business year. It remains uncertain whether an 8 per cent growth rate can be maintained in the second half. Although the final six months could prove more difficult than the first half, the group is hoping to cling on to its current *growth* for the entire year.

On the earnings front, Merck is rather more non-committal. But the 1978 results may well offset the attrition to profits reported during the past couple of years.

Domestic investment remains "lively" and is expected to reach DM 80m compared with 1977's DM 75m. Group investment should remain relatively unchanged.

Sales expectations in 1977 were not fulfilled, according to the Merck management, which said earlier that it was not pleased with the concern's performance. The parent company's turnover, *excluding VAT, rose from* DM 851.1m to DM 866.9m ($414.2m). At the same time pre-*tax profits — described as* "meagre" in February — were maintained at the 1976 level and *totalled DM 22.5m.* Group sales, including subsidiaries in which Merck has a minimum 50 per cent interest, saw turnover increase by 3.3 per cent to DM 1.48bn ($707.1m).

MEDIUM TERM CREDITS

Major Kuwaiti Dinar loan syndicated

BY FRANCIS GHILES

ONE OF THE largest syndicated loans denominated in Kuwaiti Dinars is being jointly arranged by Chase Manhattan and the National Bank of Kuwait. The *amount of the loan is KD14m* ($50m) for four years with 12 months' grace. The borrower, a private company, A. Al Babtain, which is the sole agent for Datsun in the country, will pay a spread over the Kuwaiti Dinar interbank rate (Libor) of 1¼ per cent. *There is no guarantee.*

Mexico continues actively to raise funds. Nacional Financiera is raising $285m for ten years with four years' grace through a group of Japanese banks led by Bank of Tokyo. The borrower is paying a spread of 1¼ per cent. This is the first loan to a Mexican borrower arranged exclusively by Japanese banks. Chase Manhattan, meanwhile, is lending $50m for seven years to Mexico's *Agricultural Trust Fund.*

Two large loans for Latin American borrowers have just been signed. One is the $700m for Mexico's Banco Nacional de *Commercio Exterior which* was increased from an initial $250m. Lead manager is Bank of Montreal and the terms are unchanged from those initially announced, a spread of ⅞ per cent for the first three years rising to 1⅛ per cent for the following three and 1¼ per cent for the remaining four.

The other is the $300m 10-year loan for the Brazilian State shipping comany, Sunamam. Lead *manager is Bankers Trust* International and the spread being paid by the borrower is 1⅛ per *cent. This loan carries a* sovereign guarantee. The Chilean State electricity company, Endesa, is raising $90m through a group of banks led by Citicorp. Terms are not yet available.

Algeria also continues as an active borrower. The State steel *company SNS has recently signed* for a $13.7m six-year loan (with two and a-half years grace) on *a spread of 1⅝ per cent.* Lead manager is United Bank of California.

The State electricity company, Sonelec, has just signed a loan worth DM 48m for six years with 2½ years' grace and a spread of 1½ per cent through a group of banks led by UBAF Financial Services. Both loans have a Banque Nationale d'Algérie *guarantee and the fact the terms* are more onerous for Algeria than those of some more recent *loans stems from the fact that* they were negotiated some months ago.

PUK sees slight sales increase this year

PARIS, June 21.

PECHINEY Ugine Kuhlmann, the French aluminium and chemicals giant envisiges a *slight increase in consolidated* sales this year from the FFr 25.9bn recorded in 1977. *President* Philippe *Thomas* told shareholders that domestic operations "will not benefit *in the short-term from the* government's recent decision to free industrial prices, and *their earnings may register a* certain decline." On the other hand, the subsidiaries abroad *should continue turning in satisfactory results.*

He said the significant recovery had been expected in recent months had failed to materialize.

PUK's consolidated earnings more than doubled to FFr 377m in 1977. Parent company profits came to FFr 142m, against FFr 112m. Consolidated gross cash flow amounted to FFr 1.5bn, compared with FFr 1.039bn in 1976.

AP-DJ

Esso AG to improve

With losses per ton of refined oil expected to almost halve, the results of Esso AG should show an improvement in 1978, shareholders were told at the company's annual general meeting, Agencies report from Hamburg.

"We are confident that from 1979 to 1980 that our oil business can achieve at least a balanced result." Esso AG, which is a subsidiary of Exxon *of the U.S., made a loss of* DM 56m in 1977 on sales of DM 12.6bn, compared to a profit at the net level of DM 218m in 1976.

The group planned to invest over DM 500m in West Germany this year, up from DM401m in 1977, reflecting confidence in future developments.

Daimler-Benz outlook

Operating profit of Daimler-Benz this year will be below the 1977 level, but net profits should be broadly maintained. Turnover in the first five months of this year was *DM 10.1bn compared with* DM 10.32bn. In statistics presented to the annual meeting, the downturn was caused by the labour disputes in the early part of this year.

Parent company turnover in the first five months fell to DM 8.11bn from DM 8.66bn a year earlier, with 41.0 per cent being exported against 47.1 per cent a year ago.

Schering decline

German pharmaceuticals group, Schering, recorded lower first *quarter 1978 profits on group* turnover of DM 561m, down from DM 609m in the opening *three months of last year,* the company said in a shareholders letter. It gave no profit details, reports Reuter from West Berlin. Turnover growth should improve during the rest of the year, however. Foreign turnover was hit by *seasonal influences and by exchange rate factors.* April and May showed an improvement.

Continued profits growth forecast by Rossignol

BY DAVID CURRY

PARIS, June 21.

SKIS ROSSIGNOL, the world leader in the manufacture of skis with 21 per cent of the world market, is forecasting an 18 per cent increase in sales in *the financial year to the end of* March, 1979 and a 15 per cent rise in consolidated profit. The *apparent decline in the profit* margin is due to the prognosis for its new Canadian subsidiary, *which is expected to operate at* an initial loss.

The group is expecting to improve its output from 1.6m pairs of skis in 1977 to some 1.84m and to sell some 1.8m pairs against 1.5m.

In the financial year just ended, the group recorded sales of FFr 527.8m ($115m), representing a 13.9 per cent improvement leading to a group profit of FFr 29.34m ($6.4m) which was itself some 26.7 per cent higher.

In a business which depends heavily on the promotional effect of success in competitions and on following fashion, the group made a special effort in the relatively new craze for "ski de fond" or cross-country skiing at the expense of the development of its tennis racquet production.

Capacity was increased from 2m to some 1.7m pairs of skis by the end of the financial year and there is scope to lift the total to 3m pairs of skis annually without substantial further spending.

Parent company profits were FFr 9.14m and the FFr 26 per share dividend is being maintained on capital increased by a one-for-six scrip issue. Some FFr 10.5m is expected in the current year. Investments of some FFr 69m are planned.

NEHEM problem patch

BY CHARLES BATCHELOR

AMSTERDAM, June 21.

THE DUTCH restructuring company, NEHEM, set up six years ago to reorganise industries in *difficulties, has itself run into* problems. The refusal of the Economics Ministry to grant greater powers to NEHEM and differences between the unions and employers have prevented it from doing its job, so prompting the resignation of Mr. R. Wijkstra, one of the company's two directors.

NEHEM was set up as an *independent organisation run by* the employers, the unions and the Government, and is currently engaged in *studies of the clothing,* carpet, iron foundry, rubber processing and crane building sectors.

The Economics Ministry refused to transfer the activities of its bureau which handles the probelms of individual firms to NEHEM as was originally promised, Mr. Wijkstra said. The Ministry also increasingly took on the restructuring of entire sectors—such as shipbuilding—instead of referring them to NEHEM. Companies were able to go direct to the ministry for help, thus bypassing the re-*structuring company. Participa*tion in the reorganisation programmes is voluntary and companies *tended* to pull out when their own position improved.

Disagreements between the unions and employers' sides led to the unions refusing to co-operate in committees handling the problems of various sectors of industry.

These problems must now be sorted out by the Government and this will mean an end to the independence of NEHEM, Mr. Wijkstra said.

Half-time sales down at BASF

LUDWIGSHAFEN, June 21.

BASF, one of the world's largest *chemical companies, has seen* first half consolidated turnover ease 2 per cent to DM 10.55bn. Parent company turnover was off 4 per cent in the first half at DM 4.8bn. Management board chairman, Mr. Matthias Seefelder said "we are placing some hope in the second half year."

At the annual meeting, Seefelder said that cramped by *falling prices, profits for the* first half also declined. But, aided by a better tendency in *foreign markets,* exports as a proportion of turnover improved from the 54.4 per cent of 1977.

"It is now apparent that 1978 will not be an easy year." Overcapacity, import and price pressure and rising costs were unfavourably affecting results.

In 1977, the BASF parent company had a net profit of DM 281m compared with DM 356m.

AP-DJ

Banks block Boussac plan

BY DAVID WHITE

PARIS, June 21.

M. MARCEL BOUSSAC'S dramatic offer to give up a large part of his personal fortune to *save the textile group he* founded received its expected answer today. The pool of creditor banks turned it down.

There are two good reasons why the banks should not favour the 89-year-old M. Boussac's bid to save his near-bankrupt textile empire from bankruptcy. The first is that his personal holdings outside textiles are being used as *security against outstanding* loans, and his offer entailed the banks' acceptance that they *would free these assets.*

The second is that even the substantial funds M. Boussac is offering to channel into the group are not considered enough to pull it and its 11,500 employees out of trouble.

The Boussac proposal was made yesterday in the Paris Commercial Tribunal, which is now trying to sort out what can *be saved of the group.*

M. Boussac was ready to place immediately at the group's disposal the proceeds from sale of *his newspaper interests — the* daily L'Aurore and the racing journal Paris Turf—and one of his champion racehorses. Between them these are valued at about FFr 130m ($28m).

Since 1970, M. Boussac is estimated to have put up more than four times this figure in efforts to prop up his textile factories.

The most valuable sideline of *the Boussac family is the* Christian Dior fashion business, the perfume activities of which *have already been sold.*

Assets already pledged to the banks include M. Boussac's famous Jardy stud-farm, valued at FFr 79m. Among other private possessions he has another stud-farm in Normandy, a racing stable and a 7,000-hectare property. Under his proposed offer, he would still keep his chateau and land, as well as the *Normandy stud-farm.*

Burmeister and Wain share price steadies

By Hilary Barnes

COPENHAGEN, June 21.

SHARES IN the Burmeister and Wain shipbuilding and industrial group *stabilised today,* after falling heavily yesterday. The drop of around 8 per cent *on Tuesday was caused by a* newspaper report claiming that a liquidator's report to the *bankruptcy court on a company* in which B & W's majority shareholder and managing *director,* Mr. Jan Bonde Nielsen, was once a partner would be critical of him.

The report has not yet been submitted to the court and it has not been published. However, after market hours yesterday, Mr. Bonde Nielsen released a statement. In it he made it clear that he did not use his shares in the liquidated company as security for the loans he used to buy his way into B & W in 1974.

The liquidated company was called DCK International, a holding company for a group which produced seedlings in Kenya and marketed them in Europe. DCK's operations were managed *from the UK* from 1974 onwards.

Mr. Bonde Nielsen withdrew from the management of DCK in 1974, when he took over the B and W shipyard. In 1975, he sold his shares in DCK to his partner since 1972, the late Mr. Bruce McKenzie, former Kenya Minister of Agriculture. DCK International went into *liquidation in 1976, owing credi*tors more than DKr 50m ($9.1m), mainly to European *banks.*

Mr. Bonde Nielsen's statement said that the European interests of DCK were wound up as part of an operation to insure the continuance of production in Kenya, where 5,000 people are still employed in DCK's operation. "The winding-up was carried out by the liquidator in such a way that there will be no claims left on the estate, other than an arbitrary tax assessment," said the state-*ment.*

The liquidator's report was completed at the beginning of March, but has not yet been submitted to the court.

Montefibre decision

Consob, the Italian state body for control of stock markets, will decide by next weekend the possible suspension of quotation of Montefibre shares, *AP-DJ reports from Milan.*

INTERNATIONAL FINANCIAL AND COMPANY NEWS

New recommendations on current cost accounting

BY JAMES FORTH SYDNEY, June 21.

AUSTRALIA'S two accounting bodies have revised their recommendations on the introduction of current cost accounting (CCA) techniques.

The bodies—the Australian Society of Accountants and the Institute of Chartered Accountants in Australia—have asked for information relating to current costs of fixed assets and inventories, depreciation charges and costs of goods sold, to be supplied as supplementary information with accounts prepared on an historical cost basis. The bodies strongly recommend that listed companies and public corporations publish the information on a memorandum basis (as notes to the accounts) for accounting periods beginning on or after July 1, 1978.

This is a switch from an earlier proposal for companies to supply supplementary accounts at the end of next financial year, and have historical cost accounts replaced by CCA in the following period.

The latest proposals were announced at the Golden Jubilee Conference for the accounting profession, which is currently being held in Perth.

An exposure draft on monetary items under CCA has also been released along with a summary of a working guide on CCA, which has been under preparation for a considerable time. The earlier CCA provisional standard did not deal with monetary items. The exposure draft is open for comment until October 31.

The essential aspects of the *exposure* draft are that the corporate entity is viewed as an *economic* unit which raises and accumulates funds so as to acquire resources (monetary or non-monetary by nature) which provide the entity with operating capability: changes in relevant specific prices affect the ability of the entity's monetary resources to contribute to operating capability. Where operating capability is enhanced a gain occurs, where it is impaired a loss is incurred.

The latest CCA proposals *come* against strong criticism from Hungerfords, the leading *international accounting* firm, on the eve of the Perth Congress. *Hungerfords* called for the immediate abandonment of the CCA principle, which was described as lacking objectivity and unauditable. "The accounting bodies have no mandate from their *members* or the business community to enforce views *by fiat." Hungerfords said in* a circular to clients.

Monetary resources for which *such gains or losses* need to be brought to account in the profit *or loss account are monetary* working capital and long term *monetary* assets and no *gains or* losses can occur within the CCA framework in respect of any "funds employed" by an entity to support operating capability.

For the purposes of a CCA balance sheet, the basis for measuring monetary items should be the amounts at which they were initially brought to account, subject to various constraints. No *monetary* asset should be carried at an amount greater than is expected *to be recovered* when it is converted to cash. Monetary liabilities should be stated at the amounts expected to be paid when such liabilities are discharged. Gains or losses on holding monetary items should be brought to account only in respect of monetary working capital and long term monetary assets. The working guide is designed to explain how CCA may be brought in with existing systems by making modifications and additions. The bodies believe the guide reflects no changes in matters of principle expressed in the provisional document, released 18 months ago.

Further growth seen at SA Breweries

By Richard Rolfe

JOHANNESBURG, June 21.

GROUP EARNINGS at South African Breweries should improve in the current year, after rising from 20.2 cents a share to *22.4 cents in the year* to March 31, according to Dr. *Frans Cronje, the chairman.*

Dr. Cronje says in his annual statement that "the foundation has now been laid for a new era of growth" in South Africa. The earnings prediction in turn is based on the view that the next few months "should reflect a continuance of the upswing, however modest, that has become evident."

SA Breweries, one of the largest industrial groups in South Africa, has diversified heavily in recent years, acquiring control of OK Bazaars and moving into hotels, furniture, footwear and banking. But the breakdown of divisional results shows that the *liquor* interests, embracing wine and spirts as well as beer, *still contribute* the lion's share of profits, accounting for *R35.2m last year out of net* profit of R61.9m ($71m).

***The chairman says that new* investment will "in the main" *be confined to the liquor industry,* because of the need to *follow* market growth, and R30-35m will be spent on the *liquor side this year.* Some R25m is earmarked for the rest of the group, mainly for OK Bazaars. In addition, net working capital needs will require a further R40m. These sums will be funded by asset disposals, cash flow (a net R60m last year) and borrowings.**

Helped by last year's 1½ cents dividend increase, to 11 cents, SA Breweries' shares have been a strong feature of the reviving stock market in recent months, particularly since the Budget at the end of March. They have risen from their 1977 low of 74 cents to 141 cents and yield 7.8 per cent.

JAPANESE COMPANIES

Syndicate sells stake in Oji Paper

BY YOKO SHIBATA AND CHARLES SMITH TOKYO, June 21.

A GROUP of Hong Kong businessmen headed by Mr. Tang *Hsiang Wang has* sold the bulk of its 13.1 per cent shareholding *in Oji Paper, the leading* Japanese paper company. Mr. Wang and his associates bought *their* stake in Oji, totalling 37.2m shares, during the second *half* of last year, apparently in the hope of realising substantial capital gains.

In the event, the group appears to have only a marginal yen profit. The shares were bought at Y380 and sold last week at Y384 to a consortium of *seven* Japanese institutional investors headed by Mitsui Bank. *The number of shares involved* in last week's transaction totals 29.3m, with the remainder being held as a "permanent *investment*" *by one* member of Mr. Wang's original investment syndicate.

The Wang group began investing heavily in Japanese shares in 1975 when it bought a major stake in Kao Soap which was *subsequently resold at a 50 per* cent profit. After moving out of Kao Soap, Mr. Wang put his funds into Ajinomoto, the top Japanese monosodium *glutamate* manufacturer. This transaction also realised a substantial profit when the shares were resold in 1976. The Wang group's investment in Oji Paper became a cause célèbre last year when eight major Japanese securities companies with Hong Kong offices *simultaneously* suspended Oji Paper sales to the group.

The securities companies appear to have responded to a "warning" from the Ministry of Finance, although this has never been officially stated. What seems clear is that Mr. Wang's activities were beginning to attract unfavourable attention from the Japanese Government last year. The Government apparently frowns on large scale speculative buying of Japanese stocks by foreign investors despite the fact that domestic Japanese investment syndicates engage *in closely similar* activities.

Mr. *Wang has been quoted as* having said that he had no intention of causing *further* problems in the Tokyo stock market. He also appears to *have denied* rumours that he might be planning to move funds into the stock of Japan Line, the leading Japanese shipping line which has been in financial trouble recently—but which could benefit from the *implementation* of a Government plan for stockpiling oil in unused tankers. *The Japan Line* shares rose sharply on the Tokyo market today on a turnover approximately five times the average of recent weeks as rumours of an investment by Mr. Wang were passed around the exchange.

The Wang group will realise a substantial foreign exchange profit on its Oji Paper investment if it moves its funds out of Japan. Mr. Wang is known to have been looking at one time at investments in the London and New York markets, but his current intentions remain obscure. His total holding in Oji Paper at the time of his maximum involvement was estimated at $80m.

All Nippon forecasts profit rise

TOKYO, June 21.

JAPAN'S largest domestic air carrier, All Nippon Airways (ANA), expects net profits to rise by 4 per cent to about Y3.8bn ($18.1m) in the current fiscal year to March 31. The airline plans to expand domestic flight routes and to enlarge international chartered services in south-east Asia.

ANA, which now owns 25 Boeing 727 passenger jet planes, 18 TriStars, 12 Boeing 737s and 29 YS11s, proposes to purchase eight new Boeing 747 SR jumbo jets in the next two fiscal years.

The company is to issue a total *of DM* 100m in convertible bonds in August to help finance purchases and to construct a pilot training centre. It is also raising funds on the domestic market through a Y25bn convertible bond issue.

ANA's net profit for the fiscal year to March 31 this year fell by 3 per cent to Y3.664bn, from Y3.79bn a year earlier. Revenues last year rose 15.7 per cent to Y231.89bn, from Y200.479bn.

For the current year ANA estimates that revenues will increase some 16 per cent to Y268.5bn.

The company currently has no plans to buy Airbuses from Europe because of orders already *placed with Boeing Corporation.* It is considering the purchase of *six Boeing 737s, to replace* currently-operating 737s.

ANA has eight major authorised trunk flight lines and 61 *local air service routes in Japan.* It has asked the Transport *Ministry to authorise three more* main flight routes from Narita International Airport to connect with Tokyo and major metropolitan areas such as Sapporo, Osaka and Fukuoka, the biggest city in Kyushu.

AP-DJ

* * *

Honda Motor foresees a "slight increase in net sales with the same level of profit" for the year to February, AP-DJ reports from New York. Last year the company raised consolidated net profits 13.9 per cent to Y27.49bn ($115m). Sales increased 18.9 per cent to Y985bn ($4.1bn).

The company is currently constructing a motorcycle plant in Ohio, which should be ready for production by the spring of next year.

"Once motorcycle production actively gets under way we will see how well we do and determine whether and when we will start automobiles in the U.S." Kiyoshi Ikemi, deputy general manager, said.

The company forecasts worldwide car sales this year of 750,000 against 661,000 last year. Most of the sales growth is expected to come from the Japanese domestic market, while U.S. sales are forecast at 250,000 to 260,000, against 223,000 last year.

Honda expects to maintain its U.S. market *share* of just over 2 per cent but a rise of 16 per cent in dollar prices is looked for.

Its share of the U.S. motorcycle market has fallen to about 40 per cent, but the company aims to regain at least a 50 per cent share of the market.

Saudi British Bank formed

HONG KONG, June 21.

IN LINE with plans announced earlier this year, Saudi British Bank is to take over the Saudi Arabian operations of the British Bank of the Middle East from July 1, the Hongkong and Shanghai Banking Corporation said today.

Saudi British Bank has been set up as a Saudi Arabian joint stock company with an issued capital of 100m riyals, owned 60 per cent by Saudi nationals and 40 per cent by BBME, the Hong Kong bank stated. No further details were immediately available. BBME is a subsidiary of Hong Kong and Shanghai Bank.

Mr. Peter Hammond, general manager, group finances, of the Hong Kong and Shanghai Bank, later said the operation, and the injection of Saudi capital, would permit Saudi British Bank to expand from the base of BBME's three branches in Jeddah, Alkhobar and Damman.

A branch will be opened shortly in Riyadh, probably followed by other branches, he added.

Reuter

Israeli life insurance move

By L. Daniel

TEL AVIV, June 21.

THE ISRAEL life insurance companies *have* approached the Israeli Treasury with a proposal *which would permit them* to charge lower premiums to policy holders who undertake not to surrender their policies for at least ten years.

Many life insurance policies are linked *to the cost-of-living* index (as are the premium *payments*) which constitutes a temptation to surrender the policies with a proportion of the linkage gains when the holder is in need of cash for other purposes.

* * *

City Hotels has announced that the scheme of arrangement for Hongkong Land Company's offer for the minority shareholding in the company, has been approved by its shareholders. Reuter reports from Hong Kong.

ACI revises Vulcan offer

BY OUR OWN CORRESPONDENT SYDNEY, June 21.

Australian Consolidated Industries, the major glass, packaging and plastics group, is now offering shareholders of electrical appliance maker, Vulcan Industries three choices in its A$50m *takeover bid. In mid-May* ACI announced an offer of one ACI *share plus 45 cents cash for each* Vulcan share, which the Vulcan Board said they intended to recommend.

The day after ACI announced its bid the group began buying *Vulcan shares in the market,* which automatically meant that *a cash offer would also have to* be made, at the highest price *paid in the market.* ACI has built up a stake of almost 26 per *cent in Vulcan* through its market purchases.

ACI's Part A statement was released today and disclosed that in addition to a cash offer of A$2.10 a share (the highest price paid *in market purchases)* Vulcan shareholders are also *being offered a straight share*-only swap on the basis of 13 ACI *shares for every ten Vulcan.*

Based on to-day's closing price of A$1.63 for ACI A$1 par shares, the 13-for-10 bid is worth A$2.12 and the share plus cash bid is worth A$2.00 per Vulcan share.

When the bid was first announced ACI shares were selling at A$1.78, putting a value of A$2.22 on each Vulcan share.

* * *

G. J. Coles said it is discussing the possible restructuring of the K Mart (Australia) joint venture with **K Mart Corporation** of the U.S., but declined to elaborate, Reuter reports from Melbourne. The joint venture is owned 51 per cent by K Mart and 49 per cent by Coles. It operates 36 stores throughout Australia.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

	Bid	Offer
STRAIGHTS		
Alcan Australia 9½pc 1989	96½	97½
AMEV 8pc 1987	95½	96½
Australia 8½pc 1992	92½	93½
Australian M. & S. 9½pc '92	96½	97½
Barclays Bank 8½pc 1992	93	93½
Bowater 9½pc 1992	97	97½
Can. N. Railway 8½pc 1986	93	93½
Credit National 8½pc 1986	95½	96½
Denmark 8½pc 1984	97½	95½
ECS 9pc 1991	93½	96½
ECS 8½pc 1997	93½	94½
EIB 8½pc 1992	97½	98
EMI 9½pc 1989	98	98½
Ericsson 8½pc 1989	95½	96½
Esso 8pc 1986 Nov.	99½	100½
Gt. Lakes Paper 8½pc 1984	97½	98
Hamersley 9½pc 1992	99½	100½
Hydro Quebec 9pc 1992	94½	95
ICI 8½pc 1987	96½	97
ISE Canada 9½pc 1986	103½	104
Macmillan Bloedel 9pc 1992	94½	93
Massey Ferguson 9½pc '91	98	99
Michelin 9½pc 1988	100½	101
Midland Int. Fin. 8½pc '92	94½	95½
National Coal Bd. 8pc 1987	93	93½
National Westmnstr. 9pc '86	99½	100½
Natl. Wstmnstr. 9pc '86 'B'	99½	100
Newfoundland 9pc 1989	95½	99
Nordic Inv. Bank 8½pc 1988	96½	97½
Norges Kom. Bk. 8½pc 1992	93½	96
Norpipe 8½pc 1989	93	93½
Norsk Hydro 8½pc 1992	93	93½
Oslo 9pc 1988	95½	96½
Ports Autonomes 9pc 1991	97½	98½
Prov. Quebec 9pc 1993	93½	94
Prov. Saskatchwn. 8½pc '86	97½	98½
Reed International 9pc 1987	93½	94½
RHM 9pc 1992	92½	93½
Selection Trust 8½pc 1989	93½	91½
Skand. Enskilda 9pc 1991	97½	98
SKF 8pc 1987	91½	92½
Sweden (K'dom) 8½pc 1987	93	94½
United Biscuits 9pc 1989	97½	98½
Volvo 8pc 1987 March	92	93½
EIB 9½pc 1992	92½	93½
Finance for Ind. 9½pc 1987	90	91
Finance for Ind. 10pc 1989	91½	92½
Pisons 10½pc 1987	95½	96½
Gestetner 11pc 1988	91½	92½
INA 10pc 1988	90½	91½
Rowntree 10½pc 1988	99	99
Sears 10½pc 1988	89½	90½
Total Oil 9½pc 1984	90½	91½
NOTES		
Australia 7½pc 1984	93½	94½
Bell Canada 7½pc 1987	95½	96½
Br. Columbia Hyd. 7½pc '85	92½	93½
Can. Pac. 8½pc 1984	97½	98
Dow Chemical 8pc 1986	98½	99
ECS 7½pc 1982	94½	93½
ECS 8½pc 1989	94	94½
EEC 7½pc 1982	95½	96
EEC 7½pc 1984	94½	95
Enso Gutzeit 8½pc 1984	96½	97
Gotaverken 7½pc 1982	93½	96½
Kockums 8pc 1983	96½	97½
Michelin 8½pc 1983	98½	99½
Montreal Urban 8½pc 1981	98½	99½
New Brunswick 8pc 1984	96½	97
New Bruns. Prov. 8½pc '83	99½	100
New Zealand 8½pc 1986	95½	96½
Nordic Inv. Bk. 7½pc 1984	94½	95
Norsk Hydro 7½pc 1982	93½	[illegible]
Norway 7½pc 1982	94½	93½
Ontario Hydro 8pc 1987	93½	94½
Singer 8½pc 1982	99½	100½
S. of Scot. Elec. 8½pc 1981	98½	99
Sweden (K'dom) 7½pc 1982	93	93½
Swedish State Co. 7½pc '82	95½	96½
Telmex 9½pc 1984	98½	99½
Tenneco 7½pc 1987 May	91½	92½
Volkswagen 7½pc 1987	93½	94
STERLING BONDS		
Allied Breweries 10½pc '90	87½	88½
Citicorp 10pc 1993	91½	92½
Courtaulds 9½pc 1989	89	90
ECS 9½pc 1989	94½	95
EIB 9½pc 1988	94½	95
DM BONDS		
Asian Dev. Bank 8½pc 1988	96½	97½
BNDE 6½pc 1986	96½	97½
Canada 4½pc 1983	98	98½
Den Norske Id. Bk. 6pc '90	99½	100½
Deutsche Bank 4½pc 1983	97½	98½
ECS 5½pc 1990	94½	95½
EIB 5½pc 1990	94½	95½
Elf Aquitaine 5½pc 1988	93	93½
Euratom 5½pc 1987	98½	99
Finland 5½pc 1986	97½	98½
Forsmarks 5½pc 1990	97½	98½
Mexico 6pc 1985	96	96½
Norcem 5½pc 1989	100	100½
Norway 4½pc 1983	99½	100
Norway 4½pc 1983	97	97½
PK Banken 5½pc 1988	98	98½
Prov. Quebec 6pc 1990	97	97½
Rautaruukki 5½pc 1988	93	95½
Spain 6pc 1988	98½	96½
Trondheim 5½pc 1988	96½	97½
TVO Power Co. 6pc 1988	97	97½
Venezuela 6pc 1988	97	97½
World Bank 5½pc 1990	98	98½
FLOATING RATE NOTES		
Bank of Tokyo 1984 8½pc	99½	100
BFCE 1984 8½pc	99½	100
BNP 1983 8½pc	100½	100½
BQE Worms 1983 9pc	98½	99½
CCF 1985 8½pc	99½	99½
CGMF 1984 8¹¹⁄₁₆pc	99½	99½
Creditanstalt 1984 8½pc	99½	99½
DG Bank 1982 9pc	100½	100½
GZB 1981 8¹⁄₁₆pc	99½	100½
Intl. Westminster 1984 8pc	99½	99½
Lloyds 1983 8¹³⁄₁₆pc	100½	100½
LTCB 1983 8pc	99½	99½
Midland 1987 8⁹⁄₁₆pc	99½	100
Natl. Westmnstr. '90 9⁵⁄₁₆pc	98½	99½
OKB 1983 7½pc	99½	100½
SNCF 1985 8½pc	98½	99½
Stand. and Chtrd. '84 9½pc	99½	100½
Wms. and Glyn's '84 8¹¹⁄₁₆pc	99½	100½
Source: White Weld Securities.		
CONVERTIBLES		
American Express 4½pc '87	84	85½
Ashland 5pc 1988	92	93½
Babcock & Wilcox 6½pc '97	104½	105½
Beatrice Foods 4½pc 1992	97½	99
Beatrice Foods 4½pc 1992	108½	110
Beecham 6½pc 1992	96½	97½
Borden 5pc 1992	101½	103
Broadway Hale 4½pc 1987	76	77½
Carnation 4pc 1987	77½	79
Chevron 5pc 1988	132	133½
Dart 4½pc 1987	78½	80
Eastman Kodak 4½pc 1988	82½	84
Economic Labs. 4½pc 1987	77½	79
Firestone 5pc 1988	81	82½
Ford 5pc 1988	85	86½
General Electric 4½pc 1987	81½	83
Gillette 4½pc 1987	75	76½
Gould 5pc 1987	111½	113
Gulf and Western 5pc 1988	87	87½
Harris 5pc 1992	174	176
Honeywell 6pc 1986	84½	86
ICI 6¾pc 1992	89	90
Source: Kidder, Peabody Securities.		

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output, engineering orders, retail sales volume (1970=100); retail sales value (1971=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unem-ployed	Vacs.
1977							
1st qtr.	103.2	105.2	109	103.3	216.4	1,330	na
2nd qtr.	101.9	103.0	106	102.5	222.0	1,330	163
3rd qtr.	102.7	103.7	106	104.3	234.2	1,418	151
4th qtr.	102.2	103.2	107	104.4	239.4	1,431	157
1978							
1st qtr.	103.2	104.1		106.3	246.0	1,409	188
Jan.	102.9	103.7	106	104.9	241.0	1,419	180
Feb.	103.5	104.0	117	106.8	246.5	1,409	187
March	103.2	104.5		107.0	249.8	1,400	196
April	104.8	105.5		106.7	250.3	1,387	204
May				109.0		1,366	210
June						1,365	217

OUTPUT—By market sector: consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1970=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1977							
1st qtr.	115.9	99.4	105.1	100.4	83.9	104.4	19.9
2nd qtr.	113.4	97.5	105.2	98.7	80.5	100.2	25.1
3rd qtr.	115.1	98.0	104.7	99.6	83.3	100.7	25.4
4th qtr.	117.0	97.5	101.9	99.1	74.8	99.7	20.7
Dec.	118.0	98.0	102.0	100.0	79.0	101.0	16.1
1978							
1st qtr.	117.1	98.6	104.9	100.2	76.8	100.2	17.8
Jan.	117.0	99.0	104.0	100.0	75.0	100.0	17.4
Feb.	117.0	98.0	106.0	100.0	78.0	100.0	15.3
March	118.0	99.0	104.0	101.0	78.0	101.0	20.7
April	119.0	99.0	108.0	100.2	81.0	102.0	25.3

EXTERNAL TRADE—Indices of export and import volume (1975=100): visible balance; current balance; oil balance; terms of trade *(1975=100); exchange reserves.*

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. USSbn*
1977							
1st qtr.	115.7	109.1	−947	−493	−800	99.0	10.5
2nd qtr.	118.0	109.8	−794	−365	−745	100.3	14.9
3rd qtr.	124.1	106.4	+ 54	+357	−602	101.0	13.4
4th qtr.	117.9	102.6	+ 45	+486	−657	102.4	20.39
Dec.	118.9	108.1	− 76	+ 71	−276	103.1	20.56
1978							
1st qtr.	120.3	114.3	−574	−305	−646	105.1	20.63
Jan.	112.2	114.6	−338	−248	−236	105.5	20.87
Feb.	127.4	111.3	+ 43	+132	−202	104.8	20.7
March	121.4	116.9	−279	−189	−208	104.8	20.32
April	126.1	103.0	+223	+343	−115	104.0	17.04
May	120.1	112.5	−169	− 49	−109	105.2	16.66

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1977							
1st qtr.	1.3	− 8.8	5.3	− 74	492	1,008	10½
2nd qtr.	24.8	14.9	5.5	+769	1,290	1,047	8
3rd qtr.	28.0	10.4	20.3	+365	1,084	1,149	7
4th qtr.	25.1	12.6	8.3	+693	1,563	1,189	7
Dec.	23.2	12.6	8.3	+161	421	410	7
1978							
1st qtr.	25.1	24.2	17.5	+1,819	1,049	1,260	6½
Jan.	23.2	17.3	13.4	258	388	429	6½
Feb.	26.8	25.5	18.0	963	353	418	6½
March	25.1	24.3	17.5	698	308	413	6½
April	19.1	24.7	13.1	1,437	335	463	7
May	13.2	15.6	18.8	1,096	212		9

INFLATION—Indices of earnings (Jan. 1976=100), basic materials and fuels, wholesale prices of manufactured products *(1970=100); retail prices and food prices (1974=100);* FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earn-ings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1977							
1st qtr.	112.5	341.5	248.0	174.1	184.7	276.4	61.8
2nd qtr.	114.5	347.7	259.2	181.9	191.1	250.0	61.6
3rd qtr.	116.1	340.5	267.7	184.7	192.1	239.9	61.8
4th qtr.	119.9	330.6	272.1	187.4	193.3	234.39	63.3
Dec.	121.7	328.0	273.3	188.4	194.8	234.20	63.8
1978							
1st qtr.	123.1	326.7	279.0	190.6	197.3	238.61	64.6
Jan.	121.5	324.9	277.1	189.5	196.1	226.41	66.0
Feb.	122.7	324.2	279.2	190.6	197.3	224.86	66.0
March	125.0	331.0	280.6	191.8	198.4	238.61	64.1
April	127.2	337.5	282.8	194.6	201.6	238.94	61.8
May		341.8	284.4	195.7	203.2	250.67	61.4

* Not seasonally adjusted.

Various U.S. assureds → Den-Har Underwriters → Brentnall Beard International → *F. H. Sasse & Others* → Brentnall Beard International → Den-Har Underwriters → Intra Global Reinsurance Facilities → Austen & Balcon Agencies → Instituto de Resseguros do Brasil → *Other Reinsurers*

Muddy waters of a reinsurance wrangle

BY JOHN MOORE

A RARE insight is provided by a legal wrangle into how Lloyd's of London, the world's leading insurance community, uses its intelligence network in an attempt to regulate and control a large part of its overseas markets. *This is just one revealing detail to emerge in an affidavit filed by a Brazilian reinsurance group, Instituto do* Resseguros do Brasil (IRB), against the Lloyd's syndicate *headed by Mr. Frederick Sasse.*

While setting out IRB's case for refusing to pay over $10m *worth of claims made against it* by the Sasse syndicate the affidavit explains much about the *more secret working of Lloyd's* itself.

IRB is disputing the claims *made against it* by Sasse after a full investigation on the grounds that no reinsurance contract existed, that there was non-disclosure and misrepresentation of facts, and alternatively that there were breaches of contract.

The Sasse syndicate has faced claims on 1,300 American insurance contracts for fire and damage to property. It was suspended from further underwriting at Lloyd's towards the end of last year when it became clear that IRB was not prepared to settle the reinsurance claims. The syndicate then started a legal action against IRB in February.

IRB's affidavit attempts to explain a complex business relationship that the Sasse syndicate had with Brentnall Beard, a publicly quoted company of Lloyd's brokers; with Austen and Balcon another Lloyd's broker; with Intra Global Reinsurance Facilities, a Texas based reinsurance broker; and with Den-Har Underwriters of Florida, underwriting agents to the Sasse syndicate.

At a fairly early stage Lloyd's U.S. attorney Leboeuf Lamb *Leiby and Macrae directly* intervened in the events which later led to the dispute. In May 1976 *it expressed concern about the* insurance business that might be arising for the Sasse syndicate through its American underwriting agent, Den-Har Underwriters. In a telex to Mr. John Newman of Brentnall Beard, the Lloyd's broker through which the American business was channelled to be placed with Sasse at Lloyd's, Lloyd's attorney said: "Disturbing rumour spreading here that some Den-Har business is produced by John V. Goepfert. The quality of such business has traditionally been a problem for underwriters." Mr. Goepfert was not an employee of Den-Har, but was a sub-producer of Den-Har, which was run by Mr. Dennis Harrison.

According to the affidavit Mr. Sasse first became involved with Mr. Harrison in February or March 1975, through Mr. Newman, managing director of Brentnall Beard International, a subsidiary of the insurance broker Brentnall Beard. Mr. Harrison was subsequently authorised by the Sasse syndicate to act as its underwriting agent. In effect this was a delegation of the syndicate's underwriting authority which allowed Mr. Harrison to accept business on behalf of the syndicate, subject to certain limits.

By December 1975 Mr. Harrison had *set up his own* company in Florida, called Den-Har *Underwriters*, in which Brentnall Beard held a 20 per cent share. Mr. Harrison and Den-Har still retained the Sasse underwriting authority.

But Lloyd's *became worried* that Den-Har had not received approval through its important (but little known outside Lloyd's) tribunal procedure. This procedure is designed to protect the good name of Lloyd's in non-marine insurance markets. Before a person or company is given certain types of authority by a Lloyd's syndicate in the U.S., approval has to be obtained from a tribunal under the auspices of the Lloyd's non-marine association, after an investigation by the Lloyd's U.S. attorney, Leboeuf.

Brentnall Beard tried to obtain this approval for Den-Har but *did not succeed. Nevertheless* Den-Har was underwriting business for the Sasse syndicate for *a period from some time before* December, 1975 up to July, 1976, when Sasse cancelled Den-Har's underwriting authority.

IRB was brought into the picture in May, 1975, when it was approached by Lloyd's brokers Austen and Balcon to arrange a fire reinsurance for Intra Global Reinsurance Facilities of Houston, Texas.

Mr. Edward Smith, of Intra Global, was highly recommended to IRB's London non-marine underwriter by Austen and Balcon. The risks to be reinsured were *those placed by* Mr. Smith on behalf of American and Mexican insurance companies. *Subsequently this* reinsurance was extended to include those risks that Intra *Global was handling on behalf* of unspecified "Lloyd's underwriters." So, argues IRB as *a key point in its rejection* of the Sasse claim, Intra Global was at all times the agent of the American and Mexican insurance companies, and Lloyd's underwriters, never the agent of IRB.

The affidavit claims that when IRB *agreed to take on the* reinsurance it was not aware, among other things, that the full extent of *the premium under the* arrangement could reach $30m. It also insists that the identity of the U.S. *underwriters*—whether producers or sub-producers of the business—was *never disclosed.*

IRB further alleges that as much as $20m of the premiums *arose on properties in the New* York and New Jersey area, mainly on properties where no commercial insurer would generally give cover. This again was not disclosed, it claims.

The disputed insurance business found its way to the IRB as a result of a marketing scheme devised by Mr. Smith of Intra Global and Mr. Harrison of Den-Har.

Mr. Newman of Brentnall Beard explained in a report referred to in the affidavit that the scheme involved the selection *of* "known sound agencies vetted by Mr. Smith," and would produce a large volume of business *for which Mr. Smith had* found an insurance concern which would cover the first *$100,000 of each claim, the* IRB. But because IRB was unlicensed by the state authorities in those *areas Mr. Smith had in mind* it was important that a licensed "front" be found for IRB in *order to secure the business.*

Mr. Harrison was asked to find a "front" but unable to find a *willing U.S. insurer* he decided to put the business with Lloyd's of London's Sasse syndicate, with which he had an underwriting authority. So by early 1976 Den-Har was insuring business on behalf of the Sasse syndicate on fire and damage to property risks. Intra Global was simultaneously issuing reinsurance "certificates" which allegedly reinsured on behalf of IRB the rump of the eventual claims without, says the affidavit, any authority of IRB. And many of the Den-Har and Intra Global certificates, IRB alleges, were issued from the offices of the same *Mr. John Goepfert* about whom Lloyd's later expressed concern.

A week after Lloyd's U.S. attorney *sent* the telex to Mr. Newman of Brentnall it wrote to *Mr. Newman noting "we know of* Mr. Smith" and advised him to confer with Lloyd's non marine association about Mr. Smith.

Lloyd's Attorney also indicated that it was concerned "that Den-Har or Brentnall Beard Incorporated might be vulnerable to questionable practices." It added: "You have requested *retroactive approval of the* underwriting done by Den-Har under its contractual arrangement *with Brentnall Beard. It is* a matter of record that the arrangement between Brentnall *Beard and Den-Har Underwriters* did not have tribunal approval as required. As a matter of sound *business practice and informed* judgment we do not favour any retroactive approval of any *insurance programme.*"

Shortly after, alleges the affidavit, Mr. Newman and Mr. *Harrison decided that Mr. Smith* was going to be an embarrassment, and Mr. Smith was asked to "*step aside.*"

Although Sasse eventually cancelled Den-Har's underwriting *authority in July, 1976 (significantly,* argues IRB, when it became clear that Lloyd's tribunal approval *would not* be gained for Den-Har) the claims were by now rolling in and it *was too late to correct* the position.

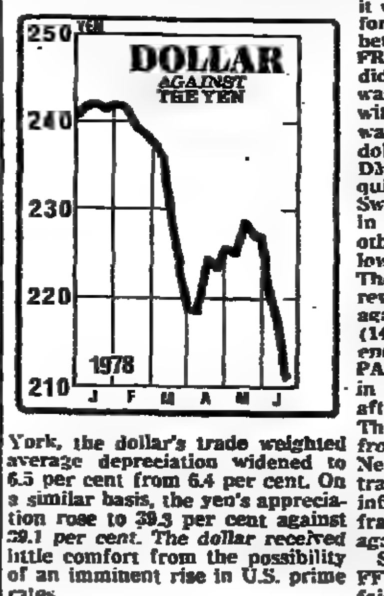
Sasse's loss adjusters were *J.J.H., of New York (which, says* the affidavit, could not be traced recently "as they disappeared *overnight without leaving* a forwarding address"). They were used extensively for assessing the *claims. Some 77 of the* properties on which claims were made are now the subject of *arson investigations.*

The Sasse camp has dismissed the IRB affidavit as containing allegations, constructions and attributions of a "wide-sweeping and general nature," which it regards as "inaccurate or incomplete." It has not yet responded in detail to the IRB affidavit.

Currency, Money and Gold Markets

Dollar continues to weaken

The U.S. dollar continued to lose ground in yesterday's foreign exchange market especially against the Japanese yen. At one point it fell to Y208.70 before recovering to Y212.30. This was in reaction *to a statement by the Bank of* Japan indicating the possibility of strong intervention in order to stabilise currency fluctuations. However, further selling of dollars *developed after the opening of* U.S. markets, and it finished in the middle of the day's range at Y210.65, still lower than Tuesday's figure, of Y211. Using Morgan *Guaranty figures at noon in New* York, the dollar's trade weighted average depreciation widened to 6.5 per cent from 6.4 per cent. On a similar basis, the yen's appreciation rose to 39.3 per cent against *39.1 per cent. The dollar received* little comfort from the possibility of an imminent rise in U.S. prime rates.



Business elsewhere was slightly more active than earlier in the week, and the U.S. currency was weaker against the West German mark at DM 2.0745 from DM 2.0815, while the Swiss franc also improved in dollar terms to SwFr 1.8640 against SwFr 1.8730.

Sterling improved steadily throughout the day opening at $1.8460-1.8470 against the dollar and a generally good demand saw the pound touch $1.8505-1.8515 at one stage before closing slightly *off the top at $1.8490-1.8500, a rise* of 93 points. On Bank of England figures, the pounds trade weighted index improved to 61.5 from 61.2.

Forward sterling also showed a firmer tendency with the three-month discount against the dollar narrowing to 1.53½c from 1.62c while the 12-month rate improved to 5.17½c against 5.30c.

Tokyo: The dollar continued *to fall* against the yen, closing at Y209.55, compared with Y211.60 on Tuesday. The U.S. currency opened at Y210.70, and fell to a record low of Y208.85 at one point. *Trading was hectic, with spot* volume at $795m, and combined forward and swap trading at $603m. The Bank of Japan intervened, buying about $20-30m at *around Y209 in the afternoon, and* it was estimated that total support for the dollar during the day was between $50m and $80m.

FRANKFURT: The Bundesbank did not intervene when the dollar was fixed at DM2.0778, compared with DM2.0812 previously. This was a slight improvement for the dollar from its early level of DM2.0725. Trading was fairly quiet throughout the day, with the Swiss franc tending to improve in terms of the D-mark. Most other currencies were somewhat lower against the German unit. The Bundesbank trade-weighted revaluation index of the D-mark against 22 currencies was 145.8 (145.7), up 0.9 per cent from the end of 1977.

PARIS: The dollar closed weaker in relation to the French franc after a day of nervous trading. The U.S. unit fell to FFr 4.5770, *from FFr 4.5937½ late on Tuesday.* News of a reduction in France's trade surplus in May had little influence on trading, with the franc showing only small changes *against most major currencies.*

Sterling rose to FFr 8.4625, from FFr 8.4375, but the D-mark was fairly steady at FFr 2.2065, compared with FFr 2.2048 previously. The Swiss franc was quoted at FFr 2.4535, against FFr 2.4448 on Tuesday.

MILAN: The lira gained ground against the yen at the fixing yesterday, with the Japanese currency quoted at L4.045 compared with L4.072 the previous day. The dollar was also weaker against the lira, falling to L855.20, from Tuesday's fixing level of L858.05.

ZURICH: The Swiss National Bank probably intervened to help the dollar, but on a rather smaller scale than by the West German Bundesbank.

AMSTERDAM: The dollar was fixed at Fl 2.2300, compared with Fl 2.2325 previously.

THE POUND SPOT / FORWARD AGAINST £

June 21	Bank rate %	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S. $	7	1.8445-1.8515	1.8490-1.8500	0.65-0.55c.pm	3.78	1.58-1.48c.pm	3.31
Canadian $	8½	2.0715-2.0788	2.0775-2.0790	0.68-0.58c.pm	3.64	1.82-1.72c.pm	3.41
Guilder	4	4.08½-4.12	4.11-4.12	2⅞-1⅞c.p.m	6.55	7¾-6¾ c.pm	7.05
Belgian Fr.	5½	60.05-60.55	60.25-60.35	40-30 c. pm	6.95	105-95 c.pm	6.54
Danish Kr.	9	10.35-10.41½	10.40½-10.41½	½-2½ ore dis	−2.75	5½-7½ oredis	−2.58
D-Mark	3	3.81½-3.84½	3.83½-3.84½	3-2 pf pm	7.82	8½-7½ pf pm	8.00
Port. Esc.	18	83.75-84.75	84.10-84.50	15-165 c. dis	−12.80	75-475 c.dis	−15.04
Span. Pes.	8	146.35-146.85	146.10-146.30	20-120 c. dis	−5.74	125-425 c.dis	−7.52
Lira	11½	1,578-1,584	1,582-1,583	1 lire pm-2dis	−0.38	2½-5½ lire dis	−1.01
Nrwgn. Kr.	7	[illegible]	9.96½-9.97½	½ orepm-1½ ore	−0.90	½-2½ ore dis	−0.60
French Fr.	9½	8.44-8.47	8.46½-8.48½	1¾-¾ c. pm	1.77	4-3 c.pm	1.88
Swedish Kr.	7	8.45½-8.48½	8.47½-8.48½	½ ore pm-½ore	0.71	5¾-1½ c.pm	1.30
Yen	3½	388-393	389½-390½	2.80-2.80y.pm	8.16	8.35-7.90 y.pm	8.54
Austria Sch.	5½	27.30-27.70	27.55-27.65	17-7 gro pm	5.22	40-30 gro pm	5.07
Swiss Fr.	1	3.42½-3.47	3.44½-3.45½	3¾-2¾ c.pm	10.01	8¼-8¼ c.pm	10.15

Belgian rate is for convertible francs. Financial francs 6.40-6.60.

Six-month forward dollar 2.84-2.79c pm. 12-month 5.35-5.25c pm.

THE DOLLAR SPOT / FORWARD AGAINST $

June 21	Day's spread	Close	One month	% p.a.	Three months	% p.a.
Canad'n $*	88.95-89.08	89.25-89.28	[illegible]	8.13	0.82-0.84c pm	0.12
Guilder	2.2225-2.2295	2.2285-2.2295	0.68-0.63c pm	3.35	2.14-2.11c pm	3.67
Belgian Fr	32.61-32.67	32.66-32.67	8.5-7.5c pm	2.89	25-23.5c pm	2.89
Danish Kr	5.6325-5.6360	5.6285-5.6300	—		—	
D-Mark	2.0725-2.0785	2.0755-2.0765	0.77-0.72pf pm	4.37	2.67-2.62 pf pm	4.88
Port. Esc	—	45.58-45.68	—		—	
Lira	855.60-856.10	855.90-856.10	2.95-3.25	−4.07	8.80-9.55	−4.03
Nrwgn. Kr	5.3760-5.3948	5.3930-5.3940	[illegible]	[illegible]	[illegible]	[illegible]
French Fr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swedish Kr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria Sch	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swiss Fr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* U.S. cents per Canadian $.

CURRENCY RATES

June 21	Special Drawing Rights	European Unit of Account
Sterling	[illegible]	[illegible]
U.S. dollar	[illegible]	[illegible]
Canadian dollar	[illegible]	[illegible]
Austrian schilling	[illegible]	[illegible]
Belgian franc	[illegible]	[illegible]
Danish kroner	[illegible]	[illegible]
Deutsche Mark	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
French franc	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Yen	[illegible]	[illegible]
Norwegian krone	[illegible]	[illegible]
Peseta	[illegible]	[illegible]
Swedish krona	[illegible]	[illegible]
Swiss franc	[illegible]	[illegible]

CURRENCY MOVEMENTS

June 21	Bank of England Index	Morgan Guaranty changes %
Sterling	[illegible]	[illegible]
U.S. dollar	[illegible]	[illegible]
Canadian dollar	[illegible]	[illegible]
Austrian schilling	[illegible]	[illegible]
Belgian franc	[illegible]	[illegible]
Danish kroner	[illegible]	[illegible]
Deutsche Mark	[illegible]	[illegible]
Swiss franc	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
French franc	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Yen	[illegible]	[illegible]

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

	£	$		£ Notes Rate
Argentina Peso	1,570-1,574	740.75-742.95	Austria	27¼-28.0
Australia Dollar	1.6093-1.6354	0.8700-0.8777	Belgium	60-61¼
Finland Markka	7.8550-7.8760	4.2550-4.2570	Denmark	10.35-10.45
Brazil Cruzeiro	30.34-31.34	16.40-16.95	France	8.40-8.50
Greece Drachma	67.317-68.981	36.40-37.30	Germany	3.80-3.85
Hong Kong Dollar	8.57-8.58	4.6300-4.6450	Italy	1560-1590
Iran Rial	128-133	68¼-71¼	Japan	380-400
Kuwait Dinar (KD)	0.500-0.510	0.2705-0.2757	Netherland	4.05-4.15
Luxembourg Franc	60-25-60.35	32.71-32.73	Norway	9.85-10.00
Malaysia Dollar	4.38½-4.40	2.3780-2.3810	Portugal	[illegible]
New Zealand Dollar	1.7921-1.8101	0.9690-0.9787	Spain	1.45½-1.46½
Saudi Arabia Riyal	6.33-6.36	3.42-3.44	Switzerland	3.40-3.50
Singapore Dollar	4.28½-4.29½	2.3200-2.3210	United States	1.84-1.86
South African Rand	1.5981-1.6149	0.8640-0.8731	Yugoslavia	34-36

Rate given for Argentina is free rate.
* Rate for Finland on June 20 should have been 7.84-7.86.

EXCHANGE CROSS-RATES

June 21	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.850	3.838	392.5	8.458	3.448	4.115	1583	2.078	60.28
U.S. Dollar	0.541	1.	2.075	210.6	4.573	1.864	2.225	855.6	1.124	32.59
Deutsche Mark	0.261	0.482	1.	101.5	2.204	0.898	1.072	412.4	0.542	15.71
Japanese Yen 1,000	2.567	4.748	9.852	1000.	21.71	8.851	10.56	4065.	5.336	154.8
French Franc 10	1.182	2.187	4.537	460.5	10.	4.076	4.865	1871	2.457	71.27
Swiss Franc	0.290	0.536	1.113	113.0	2.453	1.	1.194	459.0	0.603	17.49
Dutch Guilder	0.243	0.449	0.933	94.65	2.055	0.838	1.	384.6	0.505	14.65
Italian Lira 1,000	0.632	1.169	2.425	246.1	5.344	2.179	2.600	1000.	1.313	38.09
Canadian Dollar	0.481	0.890	1.847	187.4	4.070	1.659	1.980	761.5	1.	29.01
Belgian Franc 100	1.659	3.068	6.366	646.2	14.03	5.719	6.826	2625	3.446	100.

EURO-CURRENCY INTEREST RATES*

June 21	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilder	Swiss Franc	W. German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	10-10½	7¼-8¼	7⅛-7¾	3⅝-4	¾-1	3⅜-3⅝	8¼-8⅝	13½-17½	—	3⅞-3⅞
7 days notice	11-11¼	7¼-8¼	7¾-8	3⅝-4	¾-1	3⅜-3⅝	8¼-8⅝	11½-12½	7⅝-7⅝	3¼-4¼
Month	11⅝-11⅞	7⅝-8⅛	7½-7¾	4¼-4½	1⅛-1½	3⅝-3⅞	10-10¼	11¾-12¾	7⅝-7¾	[illegible]
Three months	11⅞-12¼	8⅛-8⅜	8⅜-8⅝	4⅝-4¾	1½-1⅝	3¾-3⅞	10⅛-10⅜	12¾-13¾	8⅜-8⅝	[illegible]
Six months	12⅛-12½	8½-8⅞	8¾-9	5⅛-5⅜	2-2¼	3⅞-3⅞	10⅜-10⅞	13-14	8⅝-8¾	[illegible]
One year	12⅛-12½	8⅞-9¼	9-9¼	[illegible]	[illegible]	[illegible]	[illegible]	14-15	[illegible]	[illegible]

The following nominal rates were quoted for London dollar certificates of deposit: One month [illegible] per cent; three months 8.25-8.35 per cent; six months 8.65-8.75 per cent; one year 8.90-9.00 per cent.

Long-term Eurodollar deposits: Two years 9⅛-9⅜ per cent; three years 9½-9⅝ per cent; four years 9⅝-9¾ per cent; five years 9⅝-9¾ per cent. *Rates are nominal closing rates.

Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two day's notice for guilders and Swiss francs.
Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

U.S. prime rate rise likely

Pressure seems to be mounting *for an increase in U.S. prime rates* to 9 per cent from the present level of 8¾ per cent. An increase to the latter was effected only last week by New York's Citibank but it is probable that the Bank's own cost of funds has risen so much recently as to make a further prime rate increase inevitable. In fact the broker-loan rate charged by Chase Manhattan rose on Tuesday to 8¾ per cent from 8½ per cent and in the past, changes in this rate have often *preceded movements in the* prime rate.

Thirteen-week Treasury bills rose to 6.77 per cent from 6.69 per cent while 26-week bills were quoted at 7.32 per cent against 7.27 per cent and one-year bills at 7.62 per cent from 7.56 per cent. It now seems that the Federal Reserve wants to see a tightening in the U.S. credit policy by allowing the rate on key Federal funds to increase, and the latter were quoted at 7.875 per cent compared with 7.4375 per cent previously.

Bankers acceptance offered rates were unchanged for 30-day at 7.70 per cent; 7.75 per cent for 60-day through to 7.95 per cent for 180-day. Certificates of deposit in the newly issued market eased to 7.55 per cent from 7.73 per cent for one-month; 7.70 per cent against 7.90 per cent for two-month and three-month 7.80 per cent from 8.04 per cent. High-grade commercial paper was *unchanged throughout.*

At its weekly bill sale on Monday, the Treasury does not intend to raise fresh funds but will sell three-month bills worth $2.3bn and $3.4bn in six-month bills in place of a similar amount of maturities. **Paris:** Longer-term money rates were unchanged although day-to-day money eased to 7.625 per cent from 8.125 per cent.

Brussels: Deposit rates for commercial francs were unchanged for call money at 3¾-4¼ per cent, while the one-month eased to 5⅛-5⅜ per cent from 5⅛-5½ per cent. Three-month money was unchanged at 5¾-5⅞ per cent as was six-month at 6⅛-6⅜ per cent. Rates for 12-month money moved slightly to 7-7¼ per cent from 7⅛-7½ per cent.

Frankfurt: Interbank money rates were unchanged at 3.55 per cent for call money through to 3.75 per cent for six-month funds.

Manila: 30-day maturities were quoted at 9-12¾ per cent; 60-day at 9½-12¾ per cent; 90-day and 120-day at 10-13 per cent. Philippine Treasury bills (90-day discount) were quoted at 11 per cent with Central Bank certificate issues unchanged.

Hong Kong: Conditions were tight in the money market with call money commanding 5¼ per cent and overnight business dealt at 3¼ per cent.

GOLD

Little change

Gold showed little movement after Tuesday's U.S. gold sales and closed in generally quiet trading at $186½-187½ an ounce, a rise of just $¼. The metal opened at $186-186½ and eased to a morning fixing of $186.10. The afternoon fixing showed a slight recovery to $186.35 with business picking up slightly during the latter part of the day. At the U.S. Treasury gold auction, the average price per ounce returned was $187.06. Bid prices ranged *from $172.0 to $190.29* while prices of accepted bids were $186.52-190.29.

	June 21	June 20
Gold Bullion (a fine ounce)		
Close	$186½-187½	[illegible]
Opening	$186-186½	$185½-186½
Morning fixing	$186.10 (£100.613)	$186.35 (£101.365)
Afternoon fixing	[illegible] (£100.685)	$186.50 (£101.407)
Gold Coins domestically		
Krugerrand	$194-196 (£105-106)	$195-196 (£105-106)
New Sovereigns	$55-57 (£29½-30½)	$53½-55½ (£29½-30½)
Old Sovereigns	$55½-57½ (£30-31)	$55½-57½ (£30½-31½)
Gold Coins internationally		
Krugerrand	$191½-193½ (£103½-104½)	$191½-193½ (£104-105)
New Sovereigns	$52½-54½ (£28½-29½)	$53-55 (£28½-29½)
Old Sovereigns	$55½-57½ (£30-31)	$55½-57½ (£30-31)
$20 Eagles	$277½-280½	$276½-279½
$10 Eagles	$155½-158½	$155-158
$5 Eagles	$98-102	$98-102

UK MONEY MARKET

A calmer make-up day

Bank of England Minimum Lending Rate 10 per cent (since June 8, 1978)

It was a fairly uneventful day in the London money market yesterday, considering that it was also the third Wednesday in the *month. As such it was published* figure day for the banks, and the first make-up day since the reintroduction of "corset" controls.

London banks still have an obligation to show that they are holding the correct ratio of reserve assets on published figure day, but with the situation over *the "corset" now resolved there* is no incentive to produce inflated eligible liabilities on the third Wednesday, and therefore condi*tions were much calmer than on* this particular day in previous months.

Overnight interest rates in the interbank market were 10-11 per *cent for most of the morning*, but touched 14-15 per cent after lunch, before closing at 8 per cent.

Discount houses paid 9-10 per cent for secured call funds for *most of the day, in contrast to* previous make-up days, when reserve asset money was picked up at much lower rates than in interbank trading.

Day-to-day credit remained in short supply, and the authorities gave an extremely large amount of assistance by lending an extremely large amount overnight to seven or eight discount houses, and by buying a small number of Treasury bills from the houses and banks, plus a small amount *of local authority bills.*

Banks brought forward surplus balances, the market held net maturing Treasury bills, and there was also a very slight fall in the note circulation. *On the other* hand repayment was made of money lent to the houses on Tuesday, and substantial revenue payments outweighed Government disbursements.

LONDON MONEY RATES

June 21 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ɸ	Eligible Bank Bills ɸ	Fine Trade Bills ɸ
Overnight	—	[illegible]	—	—	—	10½	9-10	—	—	—
2 days notice	—	—	10¼-10⅜	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	10¾	—	—	—	—
7 days notice	—	10⅜-10⅝	10⅜-10⅝	—	10⅝	—	9⅝-9⅞	—	—	—
One month	10¼-10⅛	10⅛-10⅜	10⅜-10½	10-10⅜	10⅝	10¾	9½-9⅝	9⅛-9¼	9⅞-10	10¾
Two months	10⅛-10	10⅛-10¼	—	9⅝-10⅛	10½	—	9⅝	9⅛-9¼	9⅞	10¾
Three months	10-9⅞	10-10⅛	9⅞-10	9⅛-10	10⅜	10½	9¼	9⅛	9⅞-9⅞	10⅝
Six months	10-9⅞	10-10⅛	10-10⅛	9-9⅞	10⅜	—	—	—	9⅞-9⅞	10⅝
Nine months	10-9⅞	10-10⅛	—	9⅝-9⅞	10⅜	—	—	—	—	—
One year	10-9⅞	10-10¼	10⅛-10¼	9½-9⅞	10⅜	—	—	—	—	—
Two years	—	—	10⅝-10¾	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. Longer-term local authority mortgage rate nominally three years 11½-11⅞ per cent; four years 11⅞-12 per cent; five years 12-12¼ per cent. ɸ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 9¾-9 11/16 per cent; four-month trade bills 10⅝ per cent.

Approximate selling rates for one-month Treasury bills 9-9 1/16 per cent; two-month 9-9 1/16 per cent; and three-month 9 1/16 per cent. Approximate selling rate for one-month bank bills 9¾-9 13/16 per cent; and two-month 9¾-9 13/16 per cent; and three-month 9 17/32-9 9/16 per cent. One-month trade bills 10⅜ per cent; two-month 10⅜ per cent; and also three-months 10¼ per cent.

Finance House Base Rates (published by the Finance Houses Association) 9½ per cent from June 1, 1978. Clearing Bank Deposit Rates (for small sums at seven days notice) 6½-7 per cent. Clearing Bank Base Rates for lending 10 per cent. Treasury Bills: Average tender rates of discount 9.1348 per cent.

MONEY RATES

NEW YORK

Prime Rate	8.75
Fed. Funds	7.875
Treasury Bills (13-week)	6.77
Treasury Bills (26-week)	7.32

GERMANY

Discount Rate	3
Overnight	3.55
One month	3.55
Three months	3.65
Six months	3.75

FRANCE

Discount Rate	9.5
Overnight	7.625
One month	7.875
Three months	8.125
Six months	8.3125

JAPAN

Discount Rate	3.5
Call (Unconditional)	4.25
Bills Discount Rate	4.875

APPOINTMENTS

EMI music group reorganisation

A number of senior executive changes at EMI come into effect from July 1 as part of a group reorganisation scheme.

In addition to present product operations, it has been decided to unify the group's music interests under Mr. Bhaskar Menon, with offices in London and Hollywood.

Mr. Menon, a director of EMI, is to be chief executive of two main operational units, EMI Music Europe and International, in London, and Capitol Industries-EMI, in Hollywood.

Mr. L. G. Wood will continue as a member of the Board of EMI, advising on music matters. He will relinquish the chairmanship of EMI Records (UK) and be succeeded by Mr. Leslie Hill (director, group music) who takes over that position in addition to his present responsibilities.

Mr. J. M. Kuipers, Dr. J. A. Powell and Mr. R. L. Watt, at present group managing directors are to become vice-chairmen of the EMI group, at the same time retaining their functional responsibilities for personnel, technology and finance respectively.

Mr. Bhaskar Menon

★

The Prime Minister has appointed Mr. G. S. Downey to the CENTRAL POLICY REVIEW STAFF to succeed Mr. C. R. Ross who, on the Government's proposal, is to be a vice-president of the European Investment Bank. The post in the CPRS is at deputy secretary level.

★

Mr. K. M. Parker has been appointed vice-chairman and chief executive and Mr. F. R. Lidster, managing director, of ABM CHEMICALS, a member of the Dalgety Group, from July 1.

★

The oil and marine division of the DUNLOP INDUSTRIAL GROUP has made three appointments at its Grimsby site. Mr. John Ambrose, previously technical director of the division, becomes deputy director, with special responsibilities for diversification. Marketing manager Mr. Frank Hamill is now commercial director in charge of marketing and purchasing and Mr. Brian Eastwell, previously commercial manager, has been appointed manager, new products division.

★

Mr. Eric McCann has been appointed a director of DEREK CROUCH (SCOTLAND). He joined the group in 1969.

Mr. Jeremy Martin, who recently returned from the U.S., has been appointed managing director of CHEVIOT LAND and a director of CHEVIOT HOUSE, the parent company.

★

Mr. Harry P. Lee has been appointed group finance director of TORVALE HOLDINGS. He was previously a divisional director of Booker McConnell.

★

The SUN LIFE ASSURANCE COMPANY OF CANADA has made the following changes in senior executive positions from August 1. Mr. Alistair M. Campbell, chairman, following completion of 50 years with the company, is to be chairman of the executive committee; Mr. Thomas M. Galt, president and chief executive officer, to be chairman and chief executive officer; and Mr. George F. S. Clarke, executive vice-president, will be president.

★

Mr. Anthony Ball is to join the board of BL INTERNATIONAL as managing director, overseas trading operations, in September. He will report to the managing director. Mr. Ball joins BL from Thomas Barlow Holdings where he was a main board director and managing director of the Barlow Handling Group.

★

Mr. John Lane, Mr. John Ford and Mr. John Locke have been appointed to the main board of OFFICE CLEANING SERVICES.

★

The FEEDEX GROUP has made four senior management appointments. They are Mr. Gordon Hird as general manager of Holderness Fuel Supplies; Mr. Rex Nurse, general manager and a director of Feedex Pig Partnership; Mr. Digby Harris, to the board of Feedex Pig Partnership; and Mr. David Sylvester, divisional feed sales co-ordinator for Feedex Q Feeds.

Mr. M. A. Grant, a director of ALPINE HOLDINGS, has been appointed managing director of the group. Mr. James Gulliver continues as chairman.

★

Mr. Christopher Wigan, an executive director of SAMUEL MONTAGU AND CO., has been appointed the company's representative for South East Asia, based in Singapore.

★

The following officers have been appointed by the INTERNATIONAL CD MARKET ASSOCIATION: Mr. D. R. W. Potter (Credit Suisse - White Weld) chairman; Mr. A. A. D. Montague Browne (Gerrard and National Discount) deputy chairman; and Mr. A. C. Paterson (Union Discount Company of London) honorary secretary.

★

Mr. T. D. Leece has joined the main board of JENKS AND CATTELL.

★

Mr. Keith G. Wood, company secretary of BAKER'S HOUSEHOLD STORES (LEEDS) and Mr. Stuart Niman and Mr. John P. Hackett have been appointed executive directors. They have been with the company for a number of years.

★

Mr. A. D. Orsich, formerly group foreign exchange manager, has become deputy general manager (foreign exchange) at STANDARD CHARTERED BANK. Mr. J. A. W. Maxwell has been appointed foreign exchange manager and Mr. P. A. Wilson chief dealer.

★

Mr. R. Woodall, at present exploration manager and chief geologist of WESTERN MINING CORPORATION, has been appointed to the Board as director of exploration.

★

Mr. E. Cedric Muxlow, who recently retired as general manager of Yorkshire Bank, has been appointed as a director of the MANCHESTER EXCHANGE AND INVESTMENT BANK.

★

Mr. Richard MacDonnell has been appointed the INDEPENDENT BROADCASTING AUTHORITY regional executive in Bristol. He succeeds Miss Clare Mulholland, who is now regional officer in the Midlands.

★

Mr. Edward Smith has been appointed secretary and general manager of the CITY OF BIRMINGHAM SYMPHONY ORCHESTRA from September 1. Mr. Beresford King-Smith, who has been concert manager with the CBSO since 1964, will become in addition deputy general manager from July 1.

★

Mr. John Heath has become financial systems executive of the GORDON AND GOTCH COMPUTER GROUP. Since 1969, Mr. Heath has been computer manager for James Capel and Co., stockbrokers.

★

Mr. Cyril Freedman has been appointed chief executive of PENTOS GARDEN AND LEISURE PRODUCTS GROUP and has been succeeded by Mr. Bob Jewsbury as managing director of Halls Homes and Gardens.

★

Mr. Patrick Wright has been appointed to the main Board of PENGUIN BOOKS. He remains on the Board of the New Zealand subsidiary, where he has been managing director for the last four years. He has been succeeded by Mr. Graham Beattie.

★

BSG International has appointed Mr. John Savage as managing director of BRITAX WEATHERSHIELDS. He was previously managing director of the group's heavy duty pressing company, Britax (Lemark).

★

Mr. Michael Gough, the director, has been appointed a member of the COUNCIL OF FOREIGN BONDHOLDERS in the place of Mr. L. A. Martin, who has resigned.

★

Miss Elizabeth Sharples has been appointed national general secretary of YMCA OF GREAT BRITAIN succeeding Miss Brenda Cowderoy who left the Association at the end of last year.

BUSINESS AND INVESTMENT OPPORTUNITIES

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

BUSINESSES FOR SALE

PLANT AND MACHINERY

BUSINESSES WANTED

Tighter money and weak $ depress Wall St.

INVESTMENT DOLLAR PREMIUM

$2.60 to £—112½% (114¼%)

Effective $1.8495 51% (51⅝%)

INDICATIONS of a tighter monetary stance by the Federal Reserve and more pressure on the dollar pushed stocks lower in active trading.

The Fed apparently notched up the Fed funds rate to 7¾ per cent from 7½ per cent one day after its open market committee meeting. Dealers will look for confirmation of the 7¾ per cent level later when end of week settlements are complete.

The dollar, which hit a new low against the Japanese yen earlier, remained weak despite Japanese Central Bank support.

Adding to the market's gloom, two small banks in New Orleans raised their prime rates, one to 9 per cent and the other to 9¼ per cent. A move to 9 per cent by the major banks, from their current 8¾ per cent would be the highest level in three years.

The U.S. Commerce Department reported the first quarter payments deficit widened to a record $6.95bn from a revised $6.93bn in the 1977 fourth quarter.

The Dow Jones Industrial Index finished 5.11 points lower at 824.93 after being down seven just after the prime rate announcements. More than 1,000 issues lost ground for the fifth straight session while just over 300 advanced. Volume of 29m shares topped Tuesday's 28m level. The Transport Index at 218.88 lost 2.29 and Stocks fell by 1.76 to 283.15.

Litton Industries lost ⅜ to $22¼ after hitting $24¼ at one point. Late Tuesday, the U.S. Navy agreed to settle disputed cost claims with Litton by paying $447 of the disputed total of roughly $1.1bn.

LTV Corp. and Lykes Corp. filed proxy statements for their proposed merger after the Justice Department said it would not oppose the merger. LTV lost ⅛ to $7¼ and Lykes added ⅛ to $7¼.

U.S. Steel fell $1 to $25⅞. Standard and Poor's Corp. cut its ratings on some of U.S. Steel's debt, citing higher debt levels.

Philip Morris dropped $1⅝ to $65⅞. The company filed for an offering of 2m Common shares and $150m debt.

The U.S. Supreme Court turned down a bid by Zenith Radio to have countervailing duties imposed on Japanese TV set imports. Zenith slipped ⅜ to $14⅜.

Twentieth Century-Fox backtracked $1¼ to $34¾ after Chris-Craft Industries said that its purchase of 9.3 per cent of Fox was strictly for investment. Chris-Craft eased 50 cents to $10¼.

MCA, which said its film "Jaws 2" grossed $10m in its first three days, skidded $1½ to $49¾.

Ramada Inns again led the active list easing ⅜ to $8¼. Del E Webb added ⅜ to $21¼. Playboy $1⅝ to $20⅜. Caesar's World $1¼ to $28¼ and Bally Manufacturing ⅞ to $37⅞. Golden Nuggett, on the Pacific Exchange, jumped $2⅞ to $22⅞ in heavy trading.

American Stock Exchange prices also dropped sharply in moderate trading. The Amex Index lost 1.17 to 147.05. Volume was 3.60 shares against 3.53 on Tuesday.

Wang Laboratories lost $1⅞ to $22⅞ and the "B" stock slipped 50 cents to $20 in active trading, despite a forecast of higher year net and announcing of a new product. Topps Chewing Gum climbed $1⅞ to $10¼ after reporting sharply higher first quarter profits.

Canada

CANADIAN SHARE prices closed sharply lower in active trading. The Toronto Composite Index was off 10.6 at 1131.7 — its largest fall since January. The Metals Index, down 23.5 at 825.8 had its steepest decline in more than a year. Losses led gains 278 to 165. The Oil Index lost 13.7 to 1437.1.

Versatile Manufacturing "A" shed 25 cents to $14¼ on 94,550 shares and Versatile Common rose 50 cents to $15. Cornat was unchanged at $7¾. Cornat and Versatile shareholders approved a merger.

Imperial General Properties gained 75 cents to $18. Abacus Cities, which has acquired control of the company, plans to offer $20 a share for the remaining stock. Dome Pete fell $1¼ to $62¼. Alcan lost $1¼ to $29⅝. Texasgulf fell $1 to $21¼. Northern Telecom retreated 75 cents to $31. INCO "A" shed 50 cents to $18¼ and Royal Bank was down $⅞ to $32¼. Volume totalled 3,039,823 shares against 3,100,085 on Tuesday.

In Montreal the decline was less drastic with the Industrial Index just 1.06 lower at 182.29. Banks lost 2.30 to 276.36 and the only index to point fractionally higher was Papers.

Germany

Share prices weakened on profit-taking after recent gains which were in part attributed to the disappointing report by Herr Walter Cipa, AEG managing Board chairman. He said the company was unlikely to pay a dividend on the 1978 results, making five consecutive years with no payments. AEG was quoted at DM 79, against DM 81.7 at Tuesday's close.

BMW and Deutsche Bank were among the heaviest losers, dropping DM 5.50 and DM 4 respectively. Volkswagen fell DM 2.6 to DM 212.2 and Daimler Benz lost DM 3 to DM 306. Other weak issues were Degussa, Neckermann and Kaufhof.

Paris

The market was firm in more active trading and the Paris Bourse index had a 0.5 rise to 69.6, although brokers could give no specific reason for the improved tone. The ¼ point cut in call money today was disregarded as just bringing the rate back to levels before Tuesday's technical rise. Motors, Rubbers, Foods and Chemicals were steady to firm without making any really substantial gains.

Banks, Engineerings, Constructions, Oils and Stores were mixed while Electricals were the easiest sector. U.S., Canadian, International Oil and Gold Mine shares eased. Afrique Occidentale gained Fr 4 to Fr 387, while Carrefour put on Fr 10 to Fr 1,545. Moet Hennessy rose by a sparkling Fr 12 to Fr 488 and Télémécanique notched up a rise of Fr 13 to Fr 740.

Tokyo

Shares closed slightly higher in fairly active trading, led by Speculatives and Petroleums, despite the sharp appreciation of the Japanese currency against the dollar. Yet the Tokyo Stock Exchange Index was down 0.47 at 411.29.

Nippon Oil and other Petroleums were preferred on the yen's rise, but export-oriented issues, including Matsushita Electric Industries and Pioneer Electronic, were lower. In fact all electronic issues declined, with Sony leading the way.

Speculatives, including Nikkatsu, Okari Rubber and Toyo Kogyo were bought selectively. Chemicals, Foodstuffs and Machine Tools rose as did Shippings including Japan Line. Nippon Oil rose Y14 to Y646. Tokyo Gogyo put on Y14 to Y453, but Sony fell Y30 to Y1,680 and Pioneer Electronic Y70 to Y1,690.

Hong Kong

The market closed easier in active trading but most leaders rebounded from the day's lows on local demand towards the close. The index fell to 540.72 from Tuesday's 532.48. Institutional profit-taking was blamed for the decline.

Hong Kong Bank eased 40 cents to HK$17.80, Jardine Matheson 30 to HK$15.70, Hong Kong Land and Hutchison Whampoa 20 each to HK$9.30 and HK$5.95 respectively. Wheelock Marden lost 15 to HK$3.00, but Swire Pacific rose 5 cents to HK$8.00.

China Light eased HK$1.40 to HK$24.80 and Hong Kong Hotels eased 60 to HK$15.20.

Johannesburg

The Stock Exchange was mixed in moderate trade, with dealers anticipating a consolidating period after the big recent advances. Gold shares tended softer during the afternoon session, reflecting bouts of profit-taking. Mining Fiancials shadowed holdings, with Anglos 10 cents off at R570 and Amgold 30 off at R2,960. The recent firmer trend in De Beers was halted and the share shed 5 cents at R640. Platinum shares were a fraction lower on balance while Coppers inclined higher. The Industrial market was mixed following the recent firmer trend.

Australia

Markets closed mixed, although some shares recovered slightly in later trading. BHP fell 2 cents to A$7.04, the ANZ Bank lost 7 cents to A$2.93, and the Bank of NSW 4 cents to A$2.98. Pancontinental fell 60 cents to A$14.20, Renison 50 cents to A$9.30, Peko and Consolidated Gold Fields 10 cents to A$5.20 and A$3.30 respectively. Bougainville lost 1 cent while MIM rose 5 cents to A$2.15.

Central Pacific rose 50 cents to A$6, Southern Pacific 10 cents to A$2.10, Atherton 3 cents to 78 cents and CRA 3 cents to A$2.42. But North BH fell a cent to A$1.29. ICI was unchanged at A$2.20, while building share Jennings fell 4 cents to A$1.11.

Amsterdam

Share prices were narrowly mixed in quiet trading, with Hoogovens, Shell and Unilever firmer but Philips and Akzo fractionally weaker in Dutch Internationals. Banks were higher while most Insurances and Investment Funds eased. HVA gained six guilders to Fl158 in active trading and RSV also firmed.

WEDNESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Ramada Inns	1,179,600	[illegible]	[illegible]
Del E. Webb	722,000	[illegible]	[illegible]
Playboy Ent.	261,700	[illegible]	[illegible]
Caesar's World	207,100	[illegible]	[illegible]
Bally Mfg. Co	204,300	[illegible]	[illegible]
Ralston Purina	203,400	[illegible]	[illegible]
Abbott Labs.	194,400	[illegible]	[illegible]
Litton Industries	197,300	[illegible]	[illegible]
Freeport Min. Co.	187,400	[illegible]	[illegible]
Digital Equipment	181,400	[illegible]	[illegible]

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax. ♦ DM50 denom. unless otherwise stated, yields based on net dividends plus tax. ▼ Ptas 500 denom. unless otherwise stated. ♣ Kr 100 denom. unless otherwise stated. ♦ Frs 500 denom. and Bearer shares unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. △ Interim since increased.

NEW YORK

[Price tables for New York (June 21, June 20), Canada, Indices (New York — Dow Jones, Standard and Poors, N.Y.S.E. All Common, Montreal, Toronto, Johannesburg and world indices), Germany, Tokyo, Australia, Brazil, Oslo, Johannesburg, Amsterdam, Brussels/Luxembourg, Paris, Switzerland, Copenhagen, Stockholm, Milan, Vienna, Spain and European Options Exchange: illegible]

† Bid. ‡ Asked. § Traded. ¶ New stock.

EUROPEAN OPTIONS EXCHANGE

[illegible]

BASE LENDING RATES

A.B.N. Bank	10 %
Allied Irish Banks Ltd.	10 %
American Express Bk.	10 %
Amro Bank	10 %
A P Bank Ltd.	10 %
Henry Ansbacher	10 %
Banco de Bilbao	10 %
Bank of Credit & Cmce.	10 %
Bank of Cyprus	10 %
Bank of N.S.W.	10 %
Banque Belge Ltd.	10 %
Banque du Rhone	10½%
Barclays Bank	10 %
Barnett Christie Ltd.	11 %
Bremar Holdings Ltd.	11 %
Brit. Bank of Mid. East	10 %
■ Brown Shipley	10 %
Canada Perm't. Trust	10 %
Capitol C & C Fin. Ltd.	10 %
Cayzer Ltd.	10 %
Cedar Holdings	10½%
■ Charterhouse Japhet	10 %
Choulartons	10 %
C. E. Coates	11 %
Consolidated Credits	10 %
Co-operative Bank	*10 %
Corinthian Securities	10 %
Credit Lyonnais	10 %
The Cyprus Popular Bk.	10 %
Duncan Lawrie	10 %
Eagil Trust	10 %
English Transcont.	10 %
First London Secs.	10 %
First Nat. Fin. Corpn.	11 %
First Nat. Secs. Ltd.	11 %
■ Antony Gibbs	10 %
Greyhound Guaranty	10 %
Grindlays Bank	‡10 %
■ Guinness Mahon	10 %
■ Hambros Bank	10 %
■ Hill Samuel	§10 %
C. Hoare & Co.	†10 %
Julian S. Hodge	11 %
Hongkong & Shanghai	10 %
Industrial Bk. of Scot.	9 %
Keyser Ullmann	10 %
Knowsley & Co. Ltd.	12 %
Lloyds Bank	10 %
London Mercantile	10 %
Edward Manson & Co.	11½%
Midland Bank	10 %
■ Samuel Montagu	10 %
■ Morgan Grenfell	10 %
National Westminster	10 %
Norwich General Trust	10 %
P. S. Refson & Co.	10 %
Rossminster Accept'es	10 %
Royal Bk. Canada Trust	10 %
Schlesinger Limited	10 %
E. S. Schwab	11½%
Security Trust Co. Ltd.	11 %
Shenley Trust	11 %
Standard Chartered	10 %
Trade Dev. Bank	10 %
Trustee Savings Bank	10 %
Twentieth Century Bk.	11 %
United Bank of Kuwait	10 %
Whiteaway Laidlaw	10½%
Williams & Glyn's	10 %
Yorkshire Bank	10 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 7%. 1-month deposits 7½%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 7½%, and over £25,000 7¾%.
‡ Call deposits over £1,000 7%.
§ Demand deposits 7½%.

FARMING AND RAW MATERIALS

Promotion boost for NZ butter

By Our Commodities Staff

THE NEW ZEALAND Dairy Board is to spend £2.4m on *advertising* and promoting its Anchor brand butter in Britain.

Announcing the *campaign in* London yesterday, Mr. Lawrence Friis, the chairman, said he had been worried about the danger of contraction in the British butter *markets*.

In 1967 New Zealand shipped 180,000 *tonnes of* butter to the UK. This year it has a quota of 115,000 tonnes, he said.

"The investment in advertising, promotional and educational campaigns is firm evidence of our intention of fighting for our place in the UK market," he added.

"*It is a fact that we depend* on this market for our livelihood. The New Zealand dairy industry could not survive if it lost access."

Announcement of the promotion spending follows closely on the news that an £8.5m. butter and cheese packing plant is to be opened in Wiltshire. Initially, it will pack only dairy products, but there are plans to extend the range of foods under the Anchor label.

Potato price guarantee cut by 4 per cent

BY CHRISTOPHER PARKES

BRITISH POTATO farmers will be paid a guaranteed price of £44.64 a *ton for their crops this* year, the Ministry of Agriculture announced yesterday. This is 4 *per cent lower than last year's* guarantee of £46.50 a ton—the maximum reduction permitted *under existing rules.*

If the average price of main-crop potatoes sold in the UK during the coming season fails to reach this guaranteed level, farmers' returns will be brought up to it by deficiency payments from the Exchequer and the reserves of the Potato Marketing Board.

In announcing the guarantee, the Ministry may be tossing the gauntlet back at the EEC Commission, which has recently warned of action over the UK *potato market in the* European Court of Justice.

To protect itself against an overwhelming bill for meeting the guarantee at the end of each season and to ensure it subsidises only British farmers, the Government bans all imports of old potatoes.

The Commission has ruled, however, that since Britain *became a full member of the* Community at the end of last year, it has no right to continue *to bar imports from other EEC* countries.

The Government has been given one month to drop the embargo or face charges in the Common Market court.

It seems, however, that unless the Ministry has some complex scheme to limit its liability towards the potato market, the *announcement of the guarantee* effectively precludes any action which could lay the UK market *open to imports.*

Commenting on the announcement, the Potato Marketing Board said large-scale imports were unlikely. Even if the ban were dropped, Continental shippers would have to be sure of earning £65 a ton from the market here to make a profit.

Plantings

In Dutch futures markets prices for potatoes are around £50 a ton. Plantings all over the EEC — apart from Britain — are reduced this year, and the Ministry feels that as things stand there is not likely to be much of a *market in Britain to* attract imports during the coming season.

Officials said the reduced guarantee partly reflected the *fall in production costs for* potato growers.

Figures provided by the farmers themselves show that the overall cost of growing potatoes this year is about 20 per cent lower than last season. Other estimates show an even bigger reduction.

Total cost of seed potatoes, fertiliser, sprays, fuel and the rest during 1977 were £1,560 a hectare, the producers say.

Costs this year have been put at £1,220 a hectare. Main savings have been gained in huge reductions in the cost of seed.

Because of the drought of 1976 there was a shortage of seed *last spring, and after a season* of record high prices for potatoes, heavy demand for seed *from farmers helped push production* costs even higher.

Last spring seed cost about £600 a hectare. This year the price was closer to £200.

In view of these greatly reduced costs, Mr. John Silkin, Minister of Agriculture, came under pressure from his officials to cut the guarantee even further, but in the event the *rules precluded a more significant* reduction.

Prices of potatoes last year were below the guarantee for most of the season. Earlier this year the Exchequer was warned that it might have to pay out £25m to £30m to meet the guarantee.

However, a late recovery in prices, helped by the late arrival *of early potatoes, has reduced* this estimate to £10m or even lower.

The Potato Board, for example, now suggests the final cost may be only £8m.

Cocoa surge runs out of steam

By Richard Mooney

THE SPECULATIVE rally which had boosted London *cocoa futures prices by about* £150 in a week ran out of steam yesterday afternoon.

Continuing "bullish" sentiment pushed the September *position up to £1,834* a tonne at one stage but as producer selling from Brazil, the Ivory Coast and Ghana emerged speculators quickly began *taking their profits* and £70 was wiped off nearby values. September cocoa closed £18.5 down on the day at £1,764.5 a tonne.

Some Brazilian and Ivory Coast sales were believed to have been made overnight but communications difficulties with Ghana had prevented sales by that country.

Dealers said last night they believed contact had been made with Ghana during the day and that current crop cocoa had changed hands.

Imports of cocoa beans into the UK rose to 9,389 tonnes in May compared with 3,919 tonnes in April and 4,716 in May 1976, according to Department of Trade figures released yesterday. May imports included 4,569 tonnes from *Ghana and 3,812 from Nigeria.*

BRAZILIAN AGRICULTURE

Disease threatens pig industry

BY DIANA SMITH

TO THE disappointment of the Brazilian authorities, steps to prevent the spread of swine fever have been only partly successful.

The outbreak, which has already led to the extermination *of 6,997 pigs in Rio de Janeiro* (and payment of $395,000 in compensation to their owners) *has now moved across the* borders into Minas Gerais, Sao Paulo, Parana and Mato Grosso states.

The authorities have set up a *cordon sanitaire* at all access points to major pig-breeding areas in Santa Catarina and Rio *Grande do Sul states.*

All entry roads, railway stations, airports and bus terminals are now manned by vets and police, inspecting vehicles, personal belongings, parcels and lorry cargoes. No pork may be transported from the centre to *the south, nor any live pigs.*

Brazil has 40m pigs—the second largest herd in the world—which, until recently, were seen as a growth industry which could cater for a major export market.

Now, as groups of 100 or 150 pigs are found dead or dying *from the African swine fever* virus, the industry's future is threatened.

Until this months' outbreak, Brazilian agricultural authorities apparently totally dismissed the possibility of a swine fever epidemic.

Now they face *the threat of its* becoming endemic as in Spain and Portugal—because Rio de *Janeiro* pig owners *have* habitually hived off airline food leftovers from rubbish dumps to feed their animals.

Penetrated

A batch of these leftovers appears to have carried the virus.

Once it penetrated a Rio de Janeiro slum, whose inhabitants raise a pig or two for their own consumption, it spread.

The virus can be easily carried in water courses, on human clothing and shoes, or the paws or hooves of other *animals*—although it only affects pigs.

A single virus has a life of six years. And road blocks, fumigation, slaughter and *searches by the authorities can* never be fully effective.

The authorities' efforts to *contain the epidemic have not* always met with public co-operation.

Lorries *have rammed road* blocks (nearly killing vets on duty) and pig breeders hid diseased animals.

In Sao Paulo state, more than 100 dead pigs were found dumped by the road apparently taken there by their owners to keep their infected carcasses away from healthy members of the herd. Thus, the risk of the *spread of the virus increases.*

The President of the Republic has decreed that breeders who conceal diseased animals or refuses to allow herds to be exterminated will be jailed.

The Agriculture Minister, in a nationwide television broadcast, *has explained the risks of a* nationwide epidemic.

The authorities have been praised for doing their best, but their best may not be enough to halt the advance of one of the great threats to pig farming.

Brazil aims to export bauxite next year

RIO DE JANEIRO, June 21.

BRAZIL aims to start exporting bauxite early next year. Mr. Shigeaki Ueki, Mines and Energy Minister, said at the formal setting-up of the Brazilian-Japanese alumina and aluminium producing companies Alunorte SA and Albras SA, *reports Reuter.*

In addition to exporting bauxite, which will come from the Mimeracao Rio do Norte mine in Para state, output from the new companies will enable Brazil to export aluminium, instead of importing it as at present.

The three aluminium manufacturers in Brazil at the moment do not supply enough to meet home needs, he said.

Sources from the state mining concern Cia Vale do Rio Doce, which holds a 51 per cent share in Albras and 60 per cent in Alunorte, said Brazilian aluminium imports in recent years have been between 80,000 and 100,000 tonnes annually, *costing roughly $120-$140m.*

By the middle of the next decade when the Albras plant is working at its full capacity of 320,000 tonnes, the concern *intends to place about 240,000-250,000* tonnes of aluminium on *the export market*, with most of this coming from Albras and the remainder coming from the Valesul factory near Rio de Janeiro, the sources said.

Japanese interests in Albras and Alunorte are represented by Nippon Amazon Aluminium Company, in which the Government holds a 40 per cent share. The *rest of the shares are held by* Light Metal Smelters Association Consortium, Japanese aluminium manufacturers, trading companies and industrial consumers.

S. African sugar industry faces crisis

BY BERNARD SIMON

JOHANNESBURG, June 21.

THE SOUTH *African sugar* industry, like other producers, is facing one of the worst crises in its history.

In the last few days several industry officials have warned that the combination of low prices, a reduced export quota and *falling local consumption* are having serious consequences for growers and millers.

"The prospects for the industry in the current year are *most unfavourable* and give cause for concern," Mr. Frank Jones, the chairman of the country's largest sugar producer, C. G. Smith, said last week.

As a result of the quotas imposed under the new International Sugar Agreement, South Africa's exports this year will total about 680,000 tons, compared with 1.3m tons in 1977.

Mr. Jones, in his capacity as chairman of the Sugar Millers Association, said today that domestic sugar consumption has slumped by 7.1 per cent in the past year.

Despite a potential record *crop this season, about 1.4m tons* of cane (out of roughly 20m tons) will be left standing on estates.

Growers will have their quotas *cut by as much as 23 per cent*, and Mr. John Chance, chairman of the Cane Growers Association, *has warned that the cuts* could reach 30 per cent next year, failing an improvement in demand.

Despite its reputation as a low cost producer, even the South African sugar industry's costs are well above the prices prevailing on international markets. The industry's breakeven point is *approximately £150* a ton.

Mr. Jones observed last week that "unless there is a marked increase in the world price during the next few months the *industry will be confronted with* a substantial shortfall in its revenue with profound consequences *for the earnings of sugar* millers and cane growers alike." The industry's stabilisation fund has plunged from nearly R100m three years ago to only R9.6m.

Producers are hoping that their export losses will be made good by further increases in the Government-controlled domestic price thereby reversing the position of a few years ago when the authorities compelled the industry to use export profits to *subsidise an artificially low local* price.

Higher domestic prices, however, carry the danger of a further drop in consumption. *Since world prices started dropping* two years ago, the Government has been forced to grant the *industry massive rises in* domestic prices.

As Mr. Chance puts it: "Increases had to be so large to keep the industry solvent that *there was immediate consumer* resistance." With the South African economy only sluggishly emerging from a 40-month recession, it is clear that any further *rise in local prices would further* discourage sugar purchases.

There is some consolation for the industry. More than a quarter of South Africa's 1978 export *allocation under the sugar agreement* has been either priced or hedged forward on the futures market at an average of £113 per ton, which is considerably higher than ruling prices.

EEC export sales down

BRUSSELS, June 21.

THE EEC Commission authorised *sales of 23,650 tonnes of white* sugar (45,000 last week) and 2,100 tonnes of raws (1,000) at its weekly export tenders, according to Commission sources, reports Reuter.

The maximum export rebate for whites was raised to 25.467 *units of account per 100 kilos* (25.171 last week) and to 22.990 for raws (22.552).

Countries of origin for the whites were West Germany 7,750 tonnes, the UK 7,500, France 6,000, Denmark 1,400 and Belgium 1,000 tonnes. For raws *1,100 tonnes came from France* and 1,000 from Belgium.

Indian rubber prices soar

By K. K. Sharma

NEW DELHI, June 21.

PRICES OF natural rubber are soaring *and for the first time* have exceeded Rs 1,000 per quintal. The statutory floor price is Rs 665 per quintal.

Prices being quoted by the Rubber Manufacturers' Association in southern markets range between Rs 1,000 and Rs 1,100 per quintal.

The rise is attributed to a steep fall in stocks with rubber manufacturers, particularly tyre companies, and an early end to the *tapping season.* Market sources say prices will rise further in view of the reported fall in rubber production.

The Rubber Board had *estimated production in 1977-78 at* 150,000 tonnes, but plantation representatives say adverse weather combined with labour troubles have led to a fall in *production* by at least 3,000 tonnes.

Biscuit levy proposals

BY OUR COMMODITIES STAFF

THE ECC Commission will shortly announce proposals for cuts in monetary compensatory amount export taxes on British *confectionery, cakes and biscuits,* Mr. John Silkin announced to the Commons yesterday.

In a written reply, the Agriculture Minister said he had also pressed *Mr. Finn Gundelach,* EEC agriculture Commissioner, to push ahead with his review of the MCA import subsidies on bacon and ham which are depressing the UK industry.

The MCAs on confectionery, cakes and biscuits were introduced last year *following* protests from the Irish who argued that since British manufacturers benefited from imoprt subsidies on ingredients such as sugar and flour, they were able *to undercut other EEC manufacturers.*

Reporting on the Council of Ministers meeting in Luxembourg on Monday and Tuesday, the Minister said he had emphasised the need for the UK to operate a regional price *stabilisation scheme within any Common* Market potato regime.

On the proposed sheepmeat regime, the necessity for which he questioned, Mr. Silkin told the Commission a *transitional* period would be needed to avoid unnecessary disturbance to trade and prices. He also stressed that continued access for New Zealand lamb must be ensured.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Lost ground on the London Metal Exchange with forward metal initially falling from £731 to £726 on commission house liquidation and short selling. A steady Comex caused a rally to £730.5 in the afternoon, but renewed commission house selling caused a relapse, *so that the close on the Kerb was £727.* Turnover 20,950 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	706-.5	—15	708-9	—7.5
3 months	726.5-7	—15.75	729-.5	—7.5
Settl'm'nt	706.5	—15	—	......
Cathodes				
Cash	701.5-2.5	—14.75	705-.5	—7
3 months	722-.5	—14.5	725.5-6	—7
Settl'm'nt	702.5	—14.5	—	......
U.S. Smt.	—	......	*66.5-68	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £708, three months £727, 26.5. Cathodes, *three months £722*, 22.5. Kerb: Wirebars, three months £727, 26.5. Afternoon: Wirebars, three months £730, 29.5, 29, 29.5, 30, 30.5, 30, 29.5, 29, 29.5. Cathodes: three months £725.5. Kerb: Wirebars, three months £729, 28, 28.5, 28, 27.

TIN—Lower as forward metal started at £6,610 *following the fall in the East* overnight. The price slipped to £6,580 where good volumes were traded. European consumer demand pushed the market to £6,645 but U.S. selling caused the price to drift off and when it fell through a chart point at £6,590 stop-loss selling emerged. A low for the day of £6,560 was touched before the close on the Kerb of £6,570. Turnover 1,865 tonnes.

Morning: Standard, cash £6,755, three months £6,640, 35, 30, 25, 30, 35, 40, 45, 50. Kerb: Standard, three months £6,645. Afternoon: Standard, three months £6,645, 40, 35, 30. Kerb: Standard, three months £6,620, 10, £6,600, £6,590, 80, 60, 70, 60, 70.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6760-5	—57.5	6725-35	—50
3 months	6650-70	—30	6650-60	—15
Settlem't	6765	—40	—	......
Standard				
Cash	6760-5	—27.5	6725-35	—25
3 months	6640-50	—32.5	6625-30	—27
Settlem't	6765	—55	—	......
Straits E.	$1752½	—19½	—	......
New York	—	......	—	......

LEAD—Easier on balance but the market traded in a narrow range lacking *any fresh features. Forward metal* started at £314-£316 and then moved between £315 and £318 before closing on the Kerb at the high. Turnover 3,700 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	307-.5	—5	307.5-8	—4.25
3 months	317-.5	—4.25	317.5-8	—4
Sett'm'nt	307.5	—5	—	......
U.S. spot	—	......	31-33	......

Morning: Cash £307, £306, 7.5, three months £315, 15.5, 16, 16.5, 17, 17.5, 17. Three months £317.5. Afternoon: Three months £317.5, 18. Kerb: Three months £317, 16.5, 16.

ZINC—Fell following the pattern of lead but the market was quiet in the absence of any outside stimulus. Prices held within a narrow range with forward metal starting at £314. The high for the day *was £317 and the close on the Kerb was* £315. Turnover 4,050 tonnes.

[illegible]

SILVER

[illegible]

COCOA

[illegible]

JUTE

[illegible]

B Twills £27.33, £27.36, £27.79 for the respective shipment period. Yarn and cloth very quiet.

COFFEE

Robustas remained steady and moved in a tight range in quiet conditions. Drexel Burnham Lambert reports. [illegible]

GRAINS

[illegible]

RUBBER

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

WOOL FUTURES

[illegible]

MEAT/VEGETABLES

[illegible] Nantes 26-lb boxes 3.30; Italian: 3.40; Cyprus: 3.20. Asparagus—Californian: Per pound 1.40.

English produce: Potatoes—Per 56-lb 3.00-3.30. Lettuce—Per 12 0.80. Cos 0.50, Webbs 0.80. Onions—Per 56-lb 1.50-1.60. Rhubarb—Outdoor 0.05. Cucumbers—Per tray 12/24s 1.30-1.60. Mushrooms—0.25-0.30. Apples—Bramley's 0.10-0.20. Tomatoes—Per 12-lb English 3.60-3.80. Greens—Per crate, Kent 1.00. Cabbage 1.80. Celery—Per 12/16 2.30-3.20. Asparagus—Per bundle approx. 2-lb 1.60-1.80. Strawberries—Per ½-lb 0.16-0.20. Cauliflowers—Per 12 Lincoln 2.20, Kent 3.00-3.30. Broad beans—0.06. Peas—0.18.

PRICE CHANGES

Prices per tonne unless otherwise stated.

	June 21 1978	+ or —	Month ago
Metals			
Aluminium	£680	....	£680
Free market (cis)	$1,020/30	....	$1000-10
Copper cash W. Bars	£739.25	—7.5	£740.5
3 months do. do.	£708.5	—15.0	£760.75
Cash Cathode	£705.25	—7.0	£752.5
3 months do. do.	£725.75	—7.0	£752.75
Gold ......Troy oz.	$186.875	+0.5	$181.125
Lead Cash	£307.75	—4.25	£304.25
3 months	£317.75	—4.0	£314.25
Nickel	£2.666	....	‡
Free Market (cif) lb	$1.85		$1.95
	1.95	—0.02	2.05
Platinum troy oz.	£133.0	....	£120.5
Free Market	£135.7	—0.65	£136.4
Quicksilver (76lb.)	$120-25	....	$125-30
Silver troy oz.	291.1p	—3.0	288.3p
3 months	299p	—3.0	293.3p
Tin Cash	£6,730	—25.0	£6,370
3 months	£6,627.5	—27.5	£6,307.5
Wolfram 22.04lb cif	$130/35	....	$132-37
Zinc cash	£307.5	—4.25	£323
3 months	£317.25	—4.0	£333.25
Producers	$550-600	....	$550-600
Oils			
Coconut (Phil)	$595p	....	$600
Groundnut	£724	....	£749
Linseed Crude (v)	£377	....	£368
Palm Malayan	$605ꭓ	+10.0	$615
Seeds			
Copra Phillip	$480n	+15.0	$417.5
Soyabean (U.S.)	$268.ꭓ	+2.25	$300.5
Grains			
Barley EEC	‡	....	‡
Home Futures	£81.8	+0.35	£79.95
Maize			
French No. 3 Am	£103.75	....	£106.5
Wheat			
No. 1 Red Spring	£96.5	....	£96.5
No. 2 Hard Winter	‡	....	‡
English Milling	£104.5	....	£102
Cocoa Shipment	£1,850	—32.0	£1,828
Future Sept.	£1,764.5	—18.5	£1,767.5
Coffee Future			
Sept.	£1,553.5	—5.5	£1,576
Cotton 'A' Index	72.3c	—0.15	71.2c
Rubber kilo	58p	+1.0	56p
Sugar (Raw)	£95	....	£101
Wooltops 64s kilo	283p	....	280p

* Nominal. ‡ Unquoted. h August. m June-August. n July-Sept. p July-Aug. w July. z June-July. ꭓ Per ton.

FINANCIAL TIMES			
June 21	June 20	Month ago	Year ago
247.17	248.37	248.82	252.24

(Base: July 1, 1952=100)

REUTER'S			
June 21	June 20	Month ago	Year ago
1498.6	1496.8	1488.0	1593.0

(Base: September 18, 1931=100)

DOW JONES	June 21	June 20	Month ago	Year ago
Spot	364.59	365.80	359.11	390.81
Futures	349.91	353.78	356.00	367.01

(Average 1924-25-26=100)

MOODY'S	June 21	June 20	Month ago	Year ago
Sple Commty	925.6	928.5	926.0	874.8

(December 31, 1931=100)

GRIMSBY FISH—[illegible]

LONDON PALM OIL—[illegible]

U.S. Markets

Coffee and cocoa lower, metals ease

NEW YORK, June 21.

COPPER FINISHED lower on aggressive Commission House liquidation and stop-loss selling. Precious metals eased on local selling and Commission House liquidation despite a weaker U.S. dollar. Cocoa closed lower on aggressive trade hedge selling and speculative profit-taking. Coffee was lower on Commission House liquidation of deferred position on mild weather in Brazil, Bache reports.

Cocoa—July 145.00 (147.00), Sept. 139.65 (141.35), Dec. 135.00, March 131.65, May 130.00, July 128.30, Sept. 126.30. Sales: 1,843.

Coffee—"C" Contract: July 162.60 (152.32), Sept. 148.30-149.60 (152.00), Dec. 139.00-139.50, March 129.00-130.00, May 124.00-126.00, July 122.00-123.00, Sept. 116.50-120.00. Sales: 400.

Copper—June 59.30 (60.20), July 59.70 (60.40), Aug. 60.30, Sept. 60.90, Dec. 62.60, Jan. 63.20, March 64.30, May 65.30, July 66.30, Sept. 67.30, Dec. 68.80, Jan. 69.30, March 70.30. Sales: 6,800.

Cotton—No. 2: July 59.65 (59.87), Oct. 62.12-62.15 (62.60), Dec. 63.40-63.35, March 64.35-64.59, May 65.45-65.60, July 66.00-66.25, Oct. 65.50 bid, Dec. 65.00 bid. Sales: 5,830.

*Gold—June 185.90 (186.00), July 186.30 (186.40), Aug. 187.60, Oct. 190.60, Dec. 193.70, Feb. 196.80, April 199.90, June 203.00, Aug. 206.10, Oct. 209.20, Dec. 212.30, Feb. 215.40, April 218.50. Sales: 8,018.

†Lard—Chicago loose 22.50. NY prime steam 24.00 traded (same).

‡Maize—July 257½-257 (258½), Sept. 257½-257½ (259½), Dec. 258½-259½, March 265½-265¼, May 269½, July 270½-270½.

§Platinum—July 241.00-242.60 (250.60), Oct. 244.70-245.30 (254.70), Jan. 247.20-248.00, April 249.70-249.90, July 252.30-252.50, Oct. 254.70-254.90, Jan. 257.70-257.90. Sales: 1,179.

§Silver—Spot 535.00 (537.30), June 531.90 (535.90), July 537.40 (537.40), Aug. 537.10, Sept. 540.60, Dec 552.70, Jan. 556.70, March 565.10, May 573.60, July [illegible]

Soyabeans—[illegible]

Sydney silver futures plan

SYDNEY, June 21.

AN EXTRAORDINARY general meeting of Sydney Futures Exchange members has asked the Exchange Board to formulate a specification for a silver futures contract, an official said here, reports Reuter.

Once the Board has worked out all operational details for a silver futures market, it will present the necessary amendments to the exchange's bye-laws *to another meeting of members* for their approval.

The official could not say how long it would take the board to work out the details.

Calcutta tea demand down

CALCUTTA, June 21.

THERE WAS less demand for the offerings of 66,566 packages of *new season* and 2,833 packages of old season teas, reports Reuter.

First flush teas were readily absorbed at sometimes easier rates while improved liquoring kinds met a selective inquiry and sold below expectations with some withdrawals.

Orthodox teas experienced a better demand and sold at dearer rates following quality. The tippy varieties saw selective inquiry.

Port surcharge

BOGOTA, June 21.

THE Buenaventura Stevedores Union has undertaken to improve productivity at the port so that surcharges of up to $12 *on imports* and up to $6 per tonne on exports can be lifted, the director of the Colombian Council of Land, Sea and Air Transport Users said, reports Reuter.

STOCK EXCHANGE REPORT

Selling pressure on equities becomes more persistent

Share index down 7.8 at 455.6—British Funds steadier

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Jun. 12	Jun. 22	Jun. 23	July 4
Jun. 26	July 6	July 7	July 18
July 10	July 20	July 21	Aug. 1

* "New time" dealings may take place from 9.30 am two business days earlier.

Equity markets took a distinct turn for the worse yesterday. Continuing uncertainty about the economic and political outlook were again the main factors influencing the reaction, but the levelling off in company profits during the last six months gave further food for thought, particularly in view of the recent acceleration in wages costs, and selling of equities thus became more persistent.

Fears were also being voiced about the market undertone. Over the past two months the underlying steadiness had been gauged by a narrow fluctuation of only 30 points in the FT 30-share index, but yesterday this measure of the market trend broke out of the 490 to 460 range to close at the day's lowest with a fall of 7.8 at 455.6.

As on Tuesday, the setback in equities was fairly widespread, this being reflected in the 9-2 ratio of falls over rises in FT-quoted Industrials and a further loss of one per cent to 210.89 in the FT-Actuaries All-Share index. A small list of company trading statements generated an occasional interest but it failed to produce much in the way of features. There was a further increase in activity as measured by official bargains of 5,057, compared with 4,771 on Tuesday.

By way of contrast, British Funds put on a much steadier performance. Selling of the long tap, Exchequer 12 per cent, 2013/17 (£15 paid), unaltered at 14, was less evident and quotations in this area managed modest improvements of around ¼ before easing back to close unchanged on balance. Trading conditions in the early maturities were rather thin and sensitive but prices, after fluctuating within fairly narrow limits, finally recorded gains of ⅛ and sometimes more.

The dismal response to the £7m issue of Southend-on-Sea 12 per cent 1987 stock, 91 per cent of which was left with the underwriters, caused little surprise and recently-issued Corporations occasionally rallied, although the gains were small. South Tyneside 12½ per cent 1986 (£10-paid) improved ¼ to 10¼, while Greenwich 11½ per cent 1986 were similarly harder at 48, in £50-paid form.

With arbitrage business in Hong Kong securities less evident, rates for investment currency slipped back. Sterling's trend against the dollar was also a contributory factor in the decline and the premium closed two points lower at 112½ per cent. Yesterday's SE conversion factor was 0.6610 (0.6607).

A fair amount of the interest in the Traded Option market yesterday centred on Courtaulds and 144 contracts were done, this being just over 25 per cent of the overall total of 542. Grand Met followed with 91 and ICI recorded 74 contracts.

Foreign Banks down

Overseas banks turned easier on investment currency and domestic market influences. Hong Kong and Shanghai fell 12 to 314p and Standard Chartered, which recently announced the acquisition of a major Californian banking complex, cheapened 10 to 400p. National Bank of Australasia shed 9 to 223p, while ANZ receded 3 more to 273p; the latter on further consideration of the proposed A$31m. rights issue. Home issues rarely strayed from their overnight levels. Barclays softened a penny further to 314p but NatWest edged forward that much to 266p. Discount casualties included Allen Harvey and Ross, 10 lower at 305p, and Cater Ryder, 5 easier at 298p.

A quietly dull trend in Insurances saw Royals close 5 cheaper at 353p and Phoenix finish 4 off at 240p.

Breweries failed to escape the general malaise. Allied shed 1½ to 84½p following Press comment on the results, while Guinness, 164p, and Whitbread A, 89½p, lost 2 apiece. Bass Charrington were also dull at 152p, down 3. Elsewhere, H. P. Bulmer gave up 3 at 137p.

News items were often responsible for the occasional movement in Buildings. Standing a couple of pence up ahead of the annual figures, Burnett and Hallamshire firmed 5 more on the announcement to close 7 higher at a 1978 peak of 184p. In contrast, Rowlinson Construction reacted on news of the lower profits and finished 4 down at 103p. The proposed acquisition of Automated Building Components of Miami for some $26m left Redland a penny lower late at 133p, but belated consideration of Milbury's recent results prompted a rise of 5 to 113p. Elsewhere, a small selling clipped 3 from Ready Mixed Concrete, at 116p.

Hopes that the offer from Tenneco will not be referred to the Monopolies Commission lifted Albright and Wilson 10 to 175p, while revived bid speculation lifted Allied Colloids 5 to 77p. Fisons, initially 4 firmer on Press mention, eventually succumbed to the dull trend and finished 3 cheaper on balance at 353p. ICI met with heavier selling than recently and ended at the day's lowest at 370p, down 8.

First thoughts on the results, announced late, left Anglia Television A a penny cheaper at 71p, after 70p.

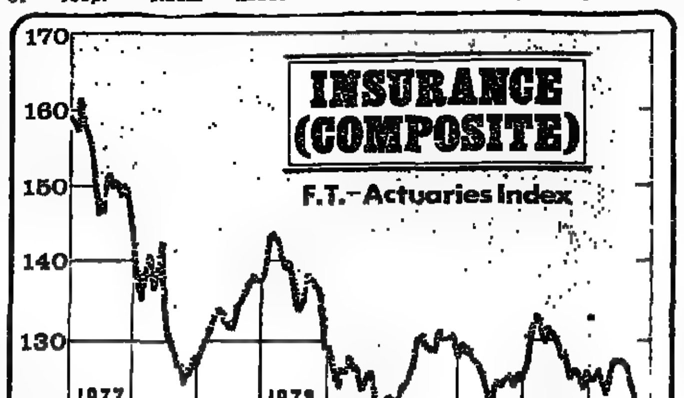
Stores dull

Leading Stores contributed to the general dullness. Sporadic small offerings took Gussies A down 6 to 270p, while House of Fraser and W. H. Smith A softened 3 to 136p and 131p respectively. Marks and Spencer declined 2 to 138p as did Mothercare to 156p. Elsewhere, Audiotronic lost 3 more to 22p, for a two-day decline of 9 following comment on the proposed capital raising plans and unquantified French losses. Allied Retailers, 263p, and Church, 160p, lost 5 apiece, while Grattan Warehouses ended 4 lower at 117p. Baker's Household, on the other hand, hardened a penny to 32p, after 33p, in response to increased first-half earnings. Executex moved forward 2 to 37p and Wharf Mill closed a like amount dearer at 24p.

Press suggestions that the company had gone non-growth unsettled Plessey, which fell 4 to 95p, while EMI reflected adverse mention about profit prospects with a reaction of 5 to a 1978 low of 130p. Racal Electronics declined 6 to 244p awaiting today's preliminary figures. Comet Radiovision were notably dull at 119p, down 5, being sympathetically upset by the trading problems experienced by its rival Audiotronic. Farnell Electronics, a firm market of late, reacted 6 to 200p, and other casualties included BSR, 4 off at 101p, and Laurence Scott, 5 cheaper at 103p. On a more cheerful note, Ferranti, which is traded under rule 163(2), were raised 30 on micro-electronics hopes to 360p in a restricted market.

Hawker took a distinct turn for the worse when the efforts of a late seller brought about a sharp reaction of 16 to 202p, after 200p. Other Engineering leaders were dull with Tubes 7 down at 356p and Vickers 4 off at 170p. John Brown cheapened 2 more to 348p, after 346p, prompted by small nervous offerings ahead of tomorrow's preliminary results. Secondary issues had B. Elliott up 4 at 114p, after 116p, in response to the higher annual earnings and Anderson Strathclyde a further 2 dearer at 64p following comment on the strong second-half profits recovery. Brown and Tawse were 2 better at 95p in reply to trading news and C. and W. Walker added 3 to 125p after the chairman's encouraging statement at the annual meeting. A. Cohen improved 7 to 165p in a thin market but Baker Perkins, results due today, cheapened a penny to 104p. APV lost 3 to 212p and Amalgamated Power also declined 5 to 133p.

Foods were dominated by the performance of Tesco which reacted to 42½p immediately following the preliminary figures before rallying in active trading to close a shade better on balance at 44½p. Associated Dairies provided a dull contrast at 220p, down 5, on selling aroused by the view that the company may suffer through Tesco's latest marketing policy. Morgan Edwards, a recent speculative favourite, fell 3 to 60p, while Bernard Matthews closed 4 off at 145p and Hillards 7 cheaper at 223p. J. Lyons remained a nervous market, losing a penny to 100p for a two-day fall of 6 on small selling ahead of to-day's preliminary results.



Hotels and Caterers had an easier bias. Norfolk Capital gave up 2 at 37p and similar losses occurred in Grand Metropolitan, 105p, and Ladbroke, 183p.

Sotheby P. B. firm

Political and economic uncertainties continued to restrain investment interest in the miscellaneous Industrial leaders, which moved easier again in thin trading. Beecham, 632p, and Glaxo, 552p, lost 13 and 11 respectively, while Unilever gave up 10 at 524p and Rank 6 at 242p. Profit-taking after the recent good advance on the excellent results and proposed scrip-issue prompted a reaction of 7 to 536p in Pilkington. Bowater lost 4 to 192p and Boots eased 3 to 188p. Elsewhere, publicity given to the current highly lucrative sale of the Robert Van Hirsch art collection helped Sotheby Parke Bernet firm 5 to 290p. News of the higher annual profits and proposed rights issue left Sutcliffe Speakman up 3 at 58p, while London and Northern, at 28p, recorded a press-inspired improvement of 1½. Durapipe International edged forward a penny to 115p following the results and Leisure Caravans revived with a rise of 2 to 134p. Reflecting domestic markets' reactions, Far-Eastern concerns Jardine Matheson, 277p, and Swire Pacific, 140½p, were 11 and 4½ easier respectively.

Motors and Distributors drifted lower in a light trade. Lucas Industries led the way with a fall of 4 to 304p, while Wadham Stringer were finally 1½ off at 42½p despite the chairman's encouraging view of current prospects which he outlined at the annual meeting. Other modest falls occurred in Dowty, 202p, and Automotive Products, 83p, but Kenning Motor closed without alteration at 75½p, after 77½p, following the interim results.

A withdrawal of recent speculative support left Associated Book Publishers 8 down at 230p, after 228p, but renewed demand of a similar nature took Mills and Allen up 9 to 177p.

Properties dull

Properties eventually succumbed to the dull trend and selected quality issues such as Great Portland, 286p, and Hammerson A, 568p, lost 10 and 7 respectively, while Bernard Sunley gave up 6 at 210p. Evans of Leeds cheapened 6 to 90p despite the increased revenue and revaluation, while Control Securities, 2 down at 35p, reflected disappointment with both the profits and dividend. Of the leaders, Land Securities and MEPC eased 2 apiece to 208p and 120p respectively.

In a continuation of the previous day's subdued trading, British Petroleum shed another 4 to 848p and Shell eased 2 to 530p. Burmah finished a penny cheaper at 64p, Ultramar were a couple of pence lower at 256p and Tricentrol drifted back 4 to 176p. Speculative counters Oil Exploration and Siebens (UK) met with a certain amount of selling and lost around 5 at 236p and 324p respectively.

Investment Trusts drifted easier on small public offerings. City and International eased 2 to 100p, while Jersey External preferred, 163p, and Jardine Japan, 137p, lost 4 and 5 respectively. Following last week's cash bid of 6.6p a share from the Swiss-based Sagest SA, dealings were resumed in Bridgewater Investment Trust, which traded from an opening level of 8½p to close at 9p. Against the trend, Camellia Investments attracted renewed speculative interest and closed 5 higher at 285p.

Shippings rarely moved far from their overnight levels.

Courtaulds remained on offer in listless Textiles, losing another 3 to 116p and Nottingham Manufacturing declined 5 to 122p. Recent speculative favourites to lose ground included William Reed and Dawson International both of which gave up 3 apiece at 87p and 123p respectively.

Still reflecting domestic market advices, South African Industrials made further progress. Rex Trueform A put on 6 at 160p and Tiger Oats added 10 at 600p, while OK Bazaars, in response to the chairman's confident remarks, firmed 10 to 450p.

Plantations were one of the few firm sectors and Warren closed 3 harder at 244p, while Castlefield finished 5 to the good at 260p.

Quiet Mines

The outcome of the second U.S. Treasury gold auction was much in line with market expectations and business in South African Gold shares was subdued.

The bullion price was finally 50 cents higher at $186.875 per ounce while the Gold Mines index hardened 0.3 to 164.5 extending the rise over the past four trading days to 7.5.

Business in South African Financials was minimal with the notable exception of De Beers; after drifting throughout the day on lack of interest a flurry of American buying lifted the shares to a 1978 high of 385p — a day's rise of 5 — following rumours of the imminent publication of a U.S. brokers' circular.

Elsewhere in South Africans new highs for the year were attained by General Mining, £17¼, and Gold Fields of South Africa, £13¾, which both improved ¼, while continuing Cape interest saw "Amcoal" advance 15 more to a high of 600p.

The weakness of UK equities coupled with a downturn in base-metal prices caused minor losses in London-registered Financials, with Rio Tinto-Zinc a further 2 off at 222p.

Tanganyika Concessions turned easier in the after-hours trade and closed 8 down at 147p following the annual report.

Australians continued to reflect the selling pressure in overnight Sydney and Melbourne markets. After being marked down at the outset of business here prices tended to drift and closed at the day's lowest levels.

In Uraniums Pancontinental dropped a further half-point to £13½. On the other hand the Rundle oil shale partners recovered some of the ground recently lost. Central Pacific recouped 30 at 550p while Southern Pacific regained 10 to 190p.

Elsewhere Sabina Industries fell 11 more to 63p and Silvermines 5 to 45p, both reflecting profit-taking.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	20	2	55
Corpns., Dom. and Foreign Bonds	9	2	54
Industrials	124	534	860
Financial and Prop.	34	186	306
Oils	1	12	21
Plantation	9	1	22
Mines	44	34	42
Recent Issues	4	12	21
Totals	245	783	1,381

FINANCIAL TIMES STOCK INDICES

	June 21	June 20	June 19	June 16	June 15	June 14	A year ago
Government Secs	69.76	69.74	69.94	70.44	70.57	70.63	67.98
Fixed Interest	72.00	72.00	72.29	72.52	72.55	72.49	67.99
Industrial Ordinary	455.6	463.4	467.0	470.6	469.2	471.9	446.7
Gold Mines	164.5	164.2	160.1	157.9	157.0	158.3	110.1
Ord. Div. Yield	5.80	5.75	5.66	5.62	5.63	5.60	5.28
Earnings Y'ld% (full)(*)	16.75	16.48	16.31	16.39	16.43	16.32	15.93
P/E Ratio (net)(*†)	7.99	8.15	8.25	8.16	8.14	8.20	9.15
Dealings marked	5,057	4,771	4,480	4,241	4,862	4,845	4,347
Equity turnover £m	—	66.94	56.12	64.88	64.71	73.92	39.96
Equity bargains total	—	14,528	13,324	13,906	16,122	15,259	10,737

10 am 461.3. 11 am 460.3. Noon 459.0. 1 pm 457.7. 2 pm 457.5. 3 pm 457.1.

Latest Index 01-246 8026.

*Based on 52 per cent corporation tax. †Nil=7.81.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (5/1)	68.79 (6/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	70.73 (6/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	497.3 (6/1)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	168.6 (8/5)	130.3 (6/3)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	June 21	June 20
—Daily		
Gilt-Edged	160.2	172.7
Industries	181.1	152.2
Speculative	38.9	33.6
Totals	115.1	106.6
5-day Av'rage		
Gilt-Edged	155.6	158.7
Industrials	161.9	158.2
Speculative	39.1	41.8
Totals	106.6	105.6

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
BATs Dfd.	25p	12	278	−4	296	227
ICI	£1	12	370	−8	396	328
Shell Transport	25p	10	530	−2	586	484
Rank Org.	25p	9	242	−6	266	226
GEC	25p	8	254	−5	278	233
Glaxo	50p	8	552	−11	610	513
Beecham	25p	7	632	−13	678	583
BP	£1	7	848	−4	892	720
GUS A	25p	7	270	−6	312	256
H'kong & Shang'i	$HK2.50	7	314	−12	327	203
Tesco	5p	7	44½	+½	48½	38
Albright & Wilson	25p	6	175	+10	177	86
Boots	25p	6	188	−3	231	184
Lloyds Bank	£1	6	262	—	297	242
Marks & Spencer	25p	6	138	−2	160	135

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Jun. 20	July 3	Sep. 14	Sep. 26
July 4	July 17	Sep. 28	Oct. 10
July 18	July 31	Oct. 12	Oct. 24

For rate indications see end of Share Information Service

Stocks favoured for the call included Premier Consolidated Oil, Pacific Copper, Burmah Oil, Paringa, UDT, Lincroft Kilgour, English Property, Nurdin and Peacock, Hong Kong Land, P & O Deferred, Lonrho and Westland. A put was done in H. P. Bulmer, while doubles were arranged in Ultramar, English Property, British Land, Dawnay Day and Charterhall.

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (50)

AMERICANS (1)
CANADIANS (2)
BEERS (1)
BUILDINGS (2)
CHEMICALS (1)
DRAPERY & STORES (8)
ELECTRICALS (3)
ENGINEERING (4)
INDUSTRIALS (8)
PROPERTY (1)
SHIPPING (1)
SOUTH AFRICANS (3)
TRUSTS (6)
OVERSEAS TRADERS (1)
TEAS (3)
MINES (8)

NEW LOWS (19)

BUILDINGS (2)
Lawrence (W.) Mowlem (J.)
CINEMAS (2)
Anglia TV A Trident TV A
ELECTRICALS (1)
EMI
ENGINEERING (1)
Samfords
FOODS (1)
Edwards (L. C.)
INDUSTRIALS (3)
L.R.C. Intl. Sumner (F.)
Photax (London) Wilson Walton
Stocklake
PROPERTY (3)
Land Invest. Second City
Regional Prop.
SHIPPING (2)
P. & O. Defd. Runciman (W.)
SHOES (1)
Booth Intl.
TEXTILES (1)
Bright (J.)

ART GALLERIES

MALL GALLERIES. The Mall SW1. Society of Wildlife Artists 15th Exhibition. Mon.-Fri. 10-5 Sats 10-1. Until July 4th. Adm. 20p.

OMELL GALLERIES. Fine British and French MODERN PAINTINGS and Modern British MARITIME PICTURES. 40, Albemarle Street, Piccadilly, W.1.

COMPANY NOTICES

CHILEAN EXTERNAL LONG TERM DEBT [illegible]
CHILEAN 5% LOAN 1896

NOTICE IS HEREBY GIVEN that all the outstanding Bonds of the above loan will be redeemed at par on 1st July 1978, from which date all interest thereon will cease. [illegible]

[illegible]

Witness: K. F. C. Baker, Notary Public.

Each of the above bonds when presented at the office of N. M. Rothschild & Sons Limited for redemption must bear the coupon dated 1st January 1979 and all subsequent coupons otherwise the amount of the missing coupons will be deducted from the principal to be repaid.

The usual interval of four clear days will be required for examination.

New Court,
St. Swithin's Lane,
London EC4P 4DU.

22nd June, 1978.

LONDON TRADED OPTIONS

Option	Exercise price	July Closing offer	July Vol.	October Closing offer	October Vol.	January Closing offer	January Vol.	Equity close
BP	750	109	—	120	—	140	—	851p
BP	800	57	1	79	—	100	—	"
BP	850	18	8	46	2	72	—	"
BP	900	3	7	24	—	50	—	"
Com. Union	140	8½	—	16	—	19	—	145p
Com. Union	160	1	—	6½	25	10½	—	"
Cons. Gold	160	17	—	24	5	28	—	175p
Cons. Gold	180	3½	9	12	5	18	—	"
Courtaulds	100	16	19	20½	2	22½	—	116p
Courtaulds	110	6½	7	13	—	15½	2	"
Courtaulds	120	3	60	8	52	11	—	"
Courtaulds	130	½	—	4	—	6½	2	"
GEC	220	37	—	43	—	52	—	254p
GEC	240	17	1	28	5	37	—	"
GEC	260	6	2	15	12	26	—	"
GEC	280	1½	—	6½	6	16½	—	"
Grand Met.	100	6½	10	11	11	15	6	105p
Grand Met.	110	2	12	5	6	10	15	"
Grand Met.	120	1	—	2½	16	6	16	"
ICI	330	45	—	55	—	68	—	372p
ICI	360	20	24	28	19	34	10	"
ICI	390	4	15	12½	5	25	—	"
ICI	420	1	—	6	21	14	—	"
Land Secs.	180	30	—	35	—	36	5	208p
Land Secs.	200	10½	—	18½	—	23½	—	"
Land Secs.	220	1	15	7½	15	13½	—	"
Marks & Sp.	120	19½	5	24	—	27	—	138p
Marks & Sp.	140	4	5	10	—	14½	10	"
Marks & Sp.	160	1	—	4	10	6½	54	"
Shell	500	55	—	57	—	65	1	530p
Shell	550	6	7	22	—	37	—	"
Shell	600	1	36	9	—	20	2	"
Totals			243		197		102	

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
75	F.P.	30/6	92	81½	Bramall (C.D.)	87½	......	4.5	3.1	7.7	4.6
100	F.P.	6/7	169	145	Eurotherm	166	......	2.64	3.0	2.4	16.8
34	F.P.	—	56	53	Thames Plywood	54	......	2.0	2.3	8.9	7.4

FIXED INTEREST STOCKS

Issue Price	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price £	+ or −
100	F.P.	—	100¼	100	Agric. Mort. Var. Rate Bds. 1986	100	−¼
**	F.P.	21/7	96p	94p	Automotive Prods. 9% Pref.	94p	......
£98	£10	22/9	12	11	Barnet 12½% Red. 1987	10½	......
**	F.P.	14/7	99p	95p	Clive Discount 9½% Cum. Pref.	98p	......
—	Nil	—	9½pm	7pm	Crellon 12% Conv. Prfd. 1979—83	8½pm	−1
**	F.P.	7/7	99p	97p	Dewhurst (I.J.) 9½% Cum. Pref.	98p	......
£100	—	—	[illegible]	[illegible]	Edinburgh (City of) Var. Rate 1983	100⅛	......
£97.56	£10	28/7	11	10½	Essex Water 7% Red. Pref. 1983	11	......
—	F.P.	25/8	3½pm	½pm	Fairview Ests. 13.55% Deb.	½pm	......
**	F.P.	25/8	99½p	99p	Greenfield Millett 10% Cum. Pref.	99½p	......
£99	£50	25/8	49½	47½	Greenwich (Lon. Boro. of) 11½% Red. 1986	48	+¼
**	F.P.	11/8	101	99	Liberty & Co. 9½% Prf.	100	......
**	F.P.	21/7	95p	92p	NSS Newsagents 9% Cum. Pref.	92p	......
100	—	25/6	[illegible]	[illegible]	Pittard 9% Cum. Prf.	96p	......
**	F.P.	30/6	105	105	Presser 10% Cum Pref.	105	......
**	F.P.	7/7	100	99	Quick (H. & J.) 10% Prf.	99	......
£109	F.P.	—	109½	109p	Robinson Bros 11% Pref.	109p	......
**	F.P.	21/7	100	97½p	Smith St Aubyn 9½% Cum. Pref.	97½p	......
£99	£10	21/7	10½	10	South Tyneside 12½% Red. 1986	10¼	+¼
—	F.P.	26/5	101	94	Tecalemit 10% Cuv. Uns. Ln. 1985	94	−1
£98¼	£50	1/9	50½	47½	Tyne & Wear 12% Red. 1986	48	+¼
—	F.P.	16/6	[illegible]	[illegible]	Waite Potter 10% Pref.	99p	−1
£98¼	£25	—	25½	25¼	West Kent Water 12% Deb. 1986	£25¼	......

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date ●	Latest Renunc. Date ■	1978 High	1978 Low	Stock	Closing Price p	+ or −
20	F.P.	13/6	7/7	193	178	Brent Chemicals	190	−1
45	Nil	—	—	15pm	11pm	British Tar Products	11pm	−2
40	Nil	9/6	7/7	[illegible]	[illegible]	Central Manufacturing	57	−1
70	F.P.	16/6	21/7	[illegible]	95	Dobson Park Inds.	100½	+1½
—	—	30/6	25/8	[illegible]	112	Fairview Ests.	112	−1
82	Nil	—	—	22pm	16pm	Hartwells	18pm	......
84	F.P.	22/6	19/7	97	94	Hestair	96	−1
145	F.P.	16/6	21/7	[illegible]	154	Howden (Alexander)	160	−1
29	Nil	3/7	28/7	[illegible]	[illegible]	Hymall (L. & G.)	13pm	−½
92	Nil	—	—	20pm	17pm	Ketchley	17pm	−½
23	F.P.	5/6	17/7	—	—	Wight [illegible]	22	......

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of Ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Minimum tender price. ‡‡ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former Preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed., June 21, 1978 Index No.	Day's Change %	Est. Earnings Yield% (Max.) (Corp. Tax 52%)	Gross Div. Yield% (ACT at 34%)	Est. P/E Ratio (Net) (Corp. Tax 52%)	Tues. June 20 Index No.	Mon. June 19 Index No.	Fri. June 16 Index No.	Thur. June 15 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (171)	210.15	−1.3	17.97	5.75	7.76	212.85	214.05	215.17	213.99	177.64
2	Building Materials (28)	188.56	−0.8	18.52	5.78	7.77	190.12	191.11	190.52	187.65	149.80
3	Contracting, Construction (26)	339.22	−0.4	20.41	4.05	7.12	340.69	344.07	345.57	345.60	246.31
4	Electricals (15)	442.34	−1.7	15.55	4.12	9.11	450.09	452.03	455.01	453.19	344.77
5	Engineering Contractors (14)	314.15	−0.9	19.11	6.50	6.97	317.16	319.49	320.81	318.56	254.35
6	Mechanical Engineering (72)	169.38	−1.8	18.83	6.32	7.23	172.52	173.61	174.96	174.89	160.87
8	Metals and Metal Forming (16)	162.08	−0.6	17.68	8.68	7.71	162.99	163.53	165.06	163.35	148.33
	CONSUMER GOODS										
11	(DURABLE) (52)	195.21	−1.2	17.09	4.91	8.22	197.57	199.14	199.85	198.55	167.85
12	Lt. Electronics, Radio TV (15)	229.42	−1.5	15.22	3.76	9.26	233.02	234.84	235.29	233.67	188.96
13	Household Goods (12)	176.04	−0.3	16.29	6.41	8.41	176.61	178.67	179.21	179.81	160.54
14	Motors and Distributors (25)	123.72	−0.9	20.08	6.29	7.00	124.80	125.71	126.56	125.46	111.66
	CONSUMER GOODS										
21	(NON-DURABLE) (175)	196.83	−1.2	16.39	5.95	8.28	199.18	200.64	201.83	200.77	164.74
22	Breweries (14)	221.86	−1.6	15.36	6.11	9.38	225.47	225.69	227.53	228.69	173.80
23	Wines and Spirits (6)	249.10	−0.6	16.24	5.78	9.34	250.66	254.14	257.66	256.51	178.68
24	Entertainment, Catering (17)	246.31	−1.5	15.86	6.93	9.14	250.00	252.04	254.53	253.66	206.87
25	Food Manufacturing (22)	194.77	−0.9	19.62	6.73	6.78	196.45	197.12	197.91	198.61	172.88
26	Food Retailing (15)	199.29	−0.3	14.59	5.04	9.50	199.84	202.46	202.37	202.48	166.46
32	Newspapers, Publishing (13)	360.57	−0.8	11.08	3.44	12.88	363.56	370.01	375.47	376.42	297.18
33	Packaging and Paper (15)	133.42	−1.1	19.92	7.93	6.62	134.89	135.51	136.84	135.04	119.45
34	Stores (39)	175.06	−1.3	11.99	4.66	12.26	177.41	179.00	178.83	177.15	142.67
35	Textiles (25)	174.14	−1.8	18.73	7.95	6.93	177.40	179.47	180.80	180.34	167.12
36	Tobaccos (3)	244.77	−1.2	22.58	7.65	5.26	247.83	248.83	252.39	246.83	208.57
37	Toys and Games (6)	104.66	−0.8	19.43	5.97	6.29	105.48	106.73	107.31	106.79	98.87
41	OTHER GROUPS (97)	193.13	−1.1	16.71	5.93	7.85	195.30	197.26	198.27	197.74	177.35
42	Chemicals (19)	275.55	−1.1	18.09	6.34	7.50	278.72	282.40	284.79	284.81	250.63
43	Pharmaceutical Products (7)	250.85	−1.6	11.78	4.09	10.61	254.95	256.58	257.76	257.16	0.00
44	Office Equipment (6)	130.12	−1.9	18.41	4.99	6.43	132.63	133.00	133.74	132.77	98.01
45	Shipping (10)	416.13	−0.2	19.03	7.64	6.36	417.14	421.92	419.92	419.95	496.75
46	Miscellaneous (55)	200.27	−0.7	17.56	6.54	7.66	201.76	203.82	204.56	203.41	172.05
49	INDUSTRIAL GROUP (495)	205.80	−1.2	16.91	5.82	8.03	208.27	209.86	210.99	209.99	177.45
51	Oils (5)	475.58	−0.5	15.52	4.16	6.99	477.75	479.86	484.20	487.04	496.68
59	500 SHARE INDEX	228.22	−1.1	16.70	5.57	7.86	230.70	232.35	233.73	233.00	203.13
61	FINANCIAL GROUP (100)	160.09	−0.7	—	5.91	—	161.24	163.94	164.71	164.56	136.75
62	Banks (6)	182.45	—	25.94	6.15	5.84	182.43	184.82	186.24	187.33	153.10
63	Discount Houses (10)	209.51	−0.1	—	8.25	—	209.75	214.10	215.60	216.07	168.60
64	Hire Purchase (5)	144.57	−0.3	13.52	5.67	10.95	145.05	147.66	147.56	143.78	134.52
65	Insurance (Life) (10)	131.51	−1.1	—	6.92	—	133.01	135.76	136.95	136.08	105.77
66	Insurance (Composite) (7)	122.38	−1.1	—	6.97	—	123.69	126.70	127.73	127.42	110.54
67	Insurance Brokers (10)	325.87	−0.5	14.46	4.81	9.91	327.53	335.98	335.18	335.88	289.36
68	Merchant Banks (14)	79.80	−0.9	—	6.21	—	79.80	80.51	80.10	79.88	66.20
69	Property (31)	230.97	−1.1	3.55	3.21	47.73	233.59	235.67	235.27	233.96	191.47
70	Miscellaneous (7)	107.18	−1.7	24.73	7.53	5.60	109.05	109.54	110.22	110.70	88.84
71	Investment Trusts (50)	212.06	−0.4	3.20	4.68	31.23	213.00	214.54	215.15	215.11	165.86
81	Mining Finance (4)	99.89	−0.3	17.30	6.96	6.98	100.24	99.98	100.73	101.24	89.98
91	Overseas Traders (19)	306.66	−0.7	17.09	6.97	7.16	308.67	311.27	310.82	313.20	269.94
99	ALL-SHARE INDEX (673)	210.89	−1.0	—	5.64	—	212.93	214.76	215.94	215.45	185.33

FIXED INTEREST PRICE INDICES

	British Government	Wed June 21	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	104.59	+0.08	—	4.51
2	5-15 years	113.32	+0.04	—	5.95
3	Over 15 years	119.32	+0.01	—	7.02
4	Irredeemables	123.83	—	—	6.30
5	All stocks	111.92	+0.04	—	5.72

FIXED INTEREST YIELDS — Br. Govt. Av. Gross Red.

			Wed June 21	Tues. June 20	Year ago (approx.)
1	Low Coupons	5 years	8.77	8.77	7.65
2		15 years	11.02	11.03	11.39
3		25 years	11.76	11.77	12.44
4	Medium Coupons	5 years	11.42	11.45	10.21
5		15 years	12.22	12.22	12.78
6		25 years	12.37	12.36	12.84
7	High Coupons	5 years	11.63	11.65	11.16
8		15 years	12.71	12.70	13.33
9		25 years	12.97	12.98	13.52
10	Irredeemables		11.88	11.88	12.59

		Wed., June 21 Index No.	Wed., June 21 Yield %	Tuesday June 20	Monday June 19	Friday June 16	Thurs. June 15	Wed. June 14	Tues. June 13	Monday June 12	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	57.29	†12.98	57.33	57.34	57.35	57.37	57.35	57.29	57.11	65.00
16	Investment Trust Prefs. (15)	52.18	15.58	52.36	52.78	52.79	52.75	52.94	52.94	52.94	51.75
17	Coml. and Indl. Prefs. (20)	71.17	13.02	71.17	71.55	71.59	71.62	71.74	71.72	71.37	69.67

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

LEADERS AND LAGGARDS

The following table shows the percentage changes† which have taken place since December 30, 1977, in the principal equity sections of the FT Actuaries Share Indices. It also contains the Gold Mines Index.

Gold Mines F.T.	+23.27
Mining Finance	+13.18
Overseas Traders	+9.86
Tobaccos	+9.20
Office Equipment	+7.36
Mechanical Engineering	+7.21
Engineering Contractors	+6.52
Chemicals	+6.48
Motors and Distributors	+6.21
Newspapers and Publishing	+4.92
Toys and Games	+4.66
Packaging and Papers	+3.79
Textiles	+3.71
Investment Trust	+2.48
Consumer Goods (Durable) Group	+2.06
Capital Goods Group	+1.87
Metal and Metal Forming	+1.63
Other Goods	+0.78
Electronics, Radio and TV	+0.51
Contracting and Construction	+0.14
Oils	—
500 Share Index	−0.19
Industrial Group	−0.23
All-Share Index	−0.75
Building Materials	−0.93
Wines and Spirits	−1.00
Electricals	−1.77
Breweries	−2.11
Insurance Brokers	−2.19
Consumer Goods (Non-Durable) Group	−2.26
Food Manufacturing	−2.26
Pharmaceutical Products	−2.68
Merchant Banks	−3.12
Household Goods	−3.30
Entertainment and Catering	−4.34
Property	−4.54
Insurance (Life)	−5.16
Financial Group	−6.47
Discount Houses	−6.65
Banks	−6.94
Food Retailing	−7.15
Stores	−8.51
Insurance (Composite)	−10.09
Shipping	−11.20
Hire Purchase	−12.65

† Percentage changes based on Tuesday, June 20, indices.

INSURANCE, PROPERTY, BONDS

[illegible]

Crusader Insurance Co. Ltd.

Vincula House, Tower Pl., EC3 01-626 8031

Gth. Prop June 6	70.1	79.5		—

Eagle Star Insur/Midland Ass.

1 Threadneedle St., EC2 01-588 1212

Eagle Mid. Units	50.6	52.5	−0.6	6.24

Equity & Law Life Ass. Soc. Ltd.♥

Amersham Road, High Wycombe 0494 33377

Equity Fd	111.5	117.3	−1.0	—
Property Fd	105.9	111.4		—
Fixed Interest F	106.6	112.2	+0.3	—
Gtd Deposit Fd	98.9	104.1		—
Mixed Fd	109.2	114.9	−0.1	—

NEL Pensions Ltd.

Milton Court, Dorking, Surrey. 5911

Nelex Eq. Cap.	80.3	84.5		—
Nelex Eq. Accum	112.1	118.1	−1.1	—
Nelex Money Cap	61.3	64.5		—
Nelex Mon Acc	64.8	68.2		—
Nelex Gth Inc Acc.	49.1	51.6		—
Nelex Gth Inc Cap	49.8	52.4		—
Nel Mxd Fd. Cap.	47.8	50.3		—
Nel Mxd. Fd Acc	48.2	50.7		—

Next Sub. Day May 25

For New Court Property see under Rothschild Asset Management

AUTHORISED UNIT TRUSTS

[illegible]

OFFSHORE AND OVERSEAS FUNDS

[illegible]

NOTES

Prices do not include $ premium except where indicated ♦ and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

CORAL INDEX: Close 453-458

INSURANCE BASE RATES

† Property Growth 9½%

† Vanbrugh Guaranteed .... 9 %

† Address shown under Insurance and Property Bond Table

Foord Values

FT SHARE INFORMATION SERVICE

BONDS & RAILS—Cont.

1978 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
88	83¼	Ireland 7½pc '81-83	83¼xd	......	7½	11.88
91	79	Do 9¾pc '91-96	81	+¼	9¾	12.69
375	265	Japan 4pc '10 Ass.	365xd	......	—	—
87	70	Do 6pc '83-88	71½	......	6	11.10
160	145	Peru Ass.3pc	155	......	3	1.95
75p	75p	S.G.I. 6½pc 1980	75p	......	6½	8.67
$99	$94½	Turin 9pc 1991	$94½	......	9	9.52
DM91	DM81	Turin 6½pc 1984	DM91	......	6½	10.70
96	94	Uruguay 3½pc	96	......	3½	3.90

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

1978 High	Low	Stock	£	+ or −	Div. Gross	Cvr	Y'ld Gr's
17⅝	13½	ASA	17⅝	+½	80c	—	2.6
60½	60½	AMF 5% Conv. '87	60½xd	......	5%	—	f
31	22	Amax $1	27¾	−⅛	$1.75	—	3.6
32	21¾	American Express	29⅞	−1	$1.40	—	2.6
33½	11	Amer. Medic Int.	21¾	−¼	30c	—	0.8
13⅝	8655	Transamerica $1	12¼	−¼	80c	—	3.5
35⅞	21¾	Utd. Tech. $US5	34⅞xd	−1	$2.00	—	3.2
24½	17¼	U.S. Steel $1	22	......	$1.60	—	4.1
17	11½	Woolworths $3½	15⅜	−¼	$1.40	—	5.1
46	28⅞	Xerox Corp. $1	42⅞xd	−⅝	$2.00	—	2.6
975p	365p	Xonics Inc. 10c	840p	−25	7½c	—	0.5
14	10⅞	Zapata Corp. 25c	13½xd	−½	s30c	—	1.3

S.E. List Premium 51½% based on U.S.$1.8465 per £
Conversion factor 0.6616 (0.6607)

CANADIANS

1978 High	Low	Stock	£	+ or −	Div. Gross	Cvr	Y'ld Gr's
16⅜	10½	Bk. Montreal $2	16⅜	+¼	$1.06	—	3.1
15⅞	10⅞	Bk. Nova Scot.	15⅞	−⅛	96c	—	2.9
42⅞	30¼	Bell Canada $25	41½	−¼	$4.2	—	4.7
22⅞	12	Bow Valley‖	21½	......	12½c	—	0.0
12⅞	825p	Brascan‖	12	−¼	$1.10	—	4.5
21⅞	14	Can. Imp. Bk. $2	20¾xd	−¼	$1.44	—	3.3
14⅞	955p	Can. Pacific $5	13⅞	−⅛	97c	—	3.3
37½	30¾	Do. 4pc Deb. £100	31¼	......	4%	—	12.8
21⅞	16½	Gulf Oil Can.‖	19⅝	−2¼	$1.14	—	2.7
630p	315p	Hawker Sid. Can.‖	590p	+20	40c	—	3.2
25	16⅞	Hollinger $5	25	+½	$2.06	—	3.9
16⅞	11¼	Hudson's Bay‖	15⅞	−⅜	69c	—	2.0
32⅞	24⅞	Hud. B. Oil G. $2½	32	+½	$1.60	—	2.4
14⅞	11⅞	Imperial Oil‖	13¾	......	86.4c	—	2.9
15⅞	945p	Inco.	13⅛	−¼	80c	—	2.8
790p	585p	Int. Nat. Gas $1	790p	......	80c	—	4.8
10⅞	510p	Massey Ferg.‖	830p	−10	—	—	—
28⅞	21¼	Pacific Pet. $1	25⅞	−¼	91.6c	—	1.7
74p	50p	Place Gas $1	72p	−2	—	—	—
24	15	Rio Algom	23	−⅞	$1.08	—	2.2
24⅞	14½	Royal Bk. Can. $2	24⅞	−⅞	$1.50	—	2.9
20⅞	17⅞	Seagram Co. C$1	19⅞xd	−¼	92c	—	2.2
14⅞	955p	Tor. Dom. Bk. $1	13⅝	......	80c	—	0.0
11⅞	880p	Trans Can. Pipe	11¼	......	103c	—	4.3

S.E. List Premium 51½% (based on $2.0726 per £)

BANKS AND HIRE PURCHASE

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's	P/E
300	150	ANZ $A1	275xd	−3	†Q18c	—	3.7	—
293	230	Alexanders D. £1	245	−3	14.33	—	8.9	—
£133	£90½	Algemene Fl.100	£132	+1	tQ5%	2.5	4.4	9.4
334	269	Allen Harvey £1	305	−10	h19.2	—	9.5	—
197	150	Allied Irish	187	+2	7.5	—	6.1	—
165	155	Arbuthnot L. £1	157	......	†9.25	—	8.9	—
£20½	£13¼	Bang. Amer. $1.565	£19⅛	−⅛	Q94c	—	2.8	—
383	315	Bk. Ireland £1	373	......	15.00	—	6.1	—
£170½	£137	Do. 10pc Conv.	£175	+1	Q10%	—	5.8	—
21	15	Bk. Leumi I£1	18	......	Q16%	—	2.9	—
170	160	Bk. Leumi (UK) £1	160	......	7.36	1.5	7.0	14.3
572	530	Bk. N.S.W. $A2	555xd	−5	†Q30c	—	3.3	—
315	255	Bank Scotland £1	278	......	10.39	3.6	5.9	7.1
£32½	£21⅞	Bankers N.Y. $10	£29¼	−¼	Q$3.00	—	5.8	—
358	296	Barclays £1	314	−1	£13.08	5.3	6.3	5.4
250	200	Brown Shipley £1	230xd	......	9.27	—	6.1	—
312	265	Cater Ryder £1	293	−5	19.33	—	9.8	—
82	67	Clive Dis'nt 20p	76xd	......	4.78	—	9.9	—
230	171	Coml. Aus. ($A1)	220	−2	tQ16c	2.6	4.5	8.6
£19	£15	ConZbk DM100	£17¼	+½	Q18%	—	2.6	—
£18	£15	Chan. Hbk Kr100	£18	......	Q12%	—	6.5	—
25	13	Corinthian 10p	20	......	0.7	7.3	5.3	3.5
£22½	£15¾	Cred. France F75	£21⅛	......	Q9.87%	—	3.0	—
71	32	Dawes (G.R.)	41	......	—	—	—	—
£123	£90	Deutsche Bank DM50	£120	+3	Q18%	—	2.0	—
83	58	F.C. Finance	65	+2	2.00	2.6	4.7	12.4
3¼	1¾	First Nat. 10p	2¼	......	—	—	—	—
1	½	Do. Wrrts. 75-83	⅝	......	—	—	—	—
12½	10½	Fraser Ans. 10p	11	......	0.03	—	0.4	—
196	157	Gerrard National	183	+3	8.17	—	6.8	—
50	37	Gibbs (A.)	42	......	2.20	—	7.9	—
255	195	Gillett Bros. £1	225	......	15.18	—	10.2	—
29	19	Goode D.t Mry.5p	24	......	0.13	—	0.8	—
120	96	Grindlays	105	−1	2.75	7.2	4.0	3.7
260	185	Guinness Peat	232	−1	†10.0	—	6.5	—
217	158	Hambros	190	......	19.52	—	7.6	—
100	81	Hill Samuel	88	......	4.90	—	8.7	—
600	375	Do. Warrants	375	......	—	—	—	—
327	205	Hong Shng. $2.50	319	−12	hQ59c	—	2.2	—
69	53	Jessel Toynbee	62xd	......	h3.27	—	8.0	—
190	150	Joseph (Leo) £1	190	......	†8.01	—	6.4	—
52	37	Keyser Ullmann	50	−2	0.66	—	2.0	—
71	56	King & Shax 20p	60	......	3.39	—	8.6	—
114	72	Kleinwort B.L.	98	......	4.12	—	6.4	—
287	242	Lloyds £1	262	......	9.09	5.5	5.3	5.3
50½	42	Manson Fin. 20p	45	......	†2.79	1.5	9.4	11.2
134	106	Mercury Secs.	111	+1	3.39	—	4.6	—
350	330	Midland £1	352	......	14.75	4.3	6.4	5.5
£92	£78½	Do. 7½% 83-93	£81½xd	−½	Q7½%	21.1	19.2	—
£85½	£62½	Do. 10¼% 93-98	£85¼	......	Q10¼%	21.1	e	—
64½	56	Minster Assets	56	......	3.55	2.5	9.6	6.4

**BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

1978 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
72¾	50	Treasury 5½pc 2008-12	61½	......	11.15	12.00
125½	118¼	Treas. 13½pc 1993	121¼	......	13.17	12.98
96½	93½	Exch. 12pc 1998	95¼	+½	12.69	12.75
90½	77⅞	Treasury 9½pc 1999	78½xd	......	12.07	12.38
96½	83⅝	Treasury 10½pc 1999	85¾	......	12.39	12.57
42½	34½	Funding 3½pc '99-04	35½xd	......	9.80	11.03
80⅞	57⅝	Treasury 8pc '02-06	65⅝	......	12.30	12.21
58⅞	47½	Treasury 5½pc '08-12	46	......	11.84	12.06
75⅞	63⅞	Treasury 7¾pc '12-15	63⅞xd	......	12.09	12.17
15	13½	Exch. 12pc '13-17 (£30 pd)	14	......	12.64	12.64

Undated

1978 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
37⅛	32½	Consols 4pc	32½	......	12.67	—
37⅛	29⅝	War Loan 3½pc‡	30	......	11.75	—
39½	32	Conv. 3½pc '61 Aft.	33	......	10.54	—
28⅝	23⅝	Treasury 3pc '66 Aft.	24¼	......	12.71	—
24⅛	19¾	Consols 2½pc	20¼xd	......	12.39	—
24	19¼	Treasury 2½pc	20¼	......	12.70	—

**INTERNATIONAL BANK

1978 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
83	82½	5pc Stock '77-82	84¼	......	5.94	9.68

**CORPORATION LOANS

1978 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
98¼	94	Birm'ham 9¼pc '79-81	95½	+¼	9.57	10.97
94¼	90	Bristol 7½pc '79-81	90½	+½	8.56	11.18
107	100¼	G.L.C. 12½pc '82	101¼	−½	12.28	11.71
112	103¼	Do. 12½pc 1983	105¼	+½	12.40	12.28
97¼	91½	Glasgow 9¼pc '80-82	91¼	......	10.03	11.70
93	90½	Herts 5½pc '78-80	91¼	......	5.75	10.37
99½	97½	Liverpool 5¼pc '76-78	98¾	......	5.32	9.60
102½	90½	Do. 9¼pc '80-84	94	−½	10.46	11.36
27½	25½	Do. 3½pc Irred.	25¾	+¼	13.24	—
100⅞	99	Lon. Corp. 6½pc '75-78	99⅞	......	6.54	10.53
99½	91	Do. 9½pc '84-85	94	−½	10.06	10.85
97¼	94½	L.C.C. 6pc '76-79	95¼	......	6.30	10.35
92½	85½	Do. 5½pc '77-81	85¾	......	6.42	10.81
87½	75½	Do. 5½pc '82-84	76xd	......	7.03	11.39
69	65⅝	Do. 5½pc '85-87	68½xd	+½	8.05	11.16
78	67½	Do. 6pc '88-90	67½xd	......	9.95	11.81
28½	22½	Do. 3pc '20 Aft.	25¼	......	13.19	—
93¼	91	Middx. 5¾pc 1980	91½	......	5.74	10.69
99½	95½	Newcastle 9¼pc '78-80	96	......	9.64	11.28
105¾	101½	Warwick 12½% 1980	102¼	......	12.22	11.33

COMMONWEALTH & AFRICAN LOANS

1978 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
100⅞	95½	**Aust. 5½pc '75-78	99⅞	......	5.58	10.10
95¼	92½	**Do. 5½pc '77-80	93¾	......	5.85	9.83
88¼	82½	**Do. 5½pc '81-82	85	......	6.57	10.83
99½	96⅞	**N.Z. 4pc 1976-78	97½xd	......	4.11	9.68
96½	92¼	**Do. 6pc '76-80	94½	......	6.47	10.85
87¼	81¼	**Do. 7¾pc '83-86	83¾	......	8.97	10.57
95½	91	Sth. Africa 9½pc '79-81	95	......	10.14	11.78
70	52	Sth. Rhod. 2½pc '65-70	55	......	—	—
96	81	Do. 6pc '78-81	82	......	—	—

LOANS

Public Board and Ind.

1978 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
64½	53½	Agric. Mt. 5pc '59-89	60	......	8.31	11.45
90½	80½	Alcan 10½pc '89-94	81½xd	......	12.83	13.30
33½	28½	Met. Wtr. 3pc 'B'	29½	−½	10.49	12.19
129	107	U.S.M.C. 9pc 1982	125xd	......	10.40	12.11
95½	86	Do. without Warrants	89xd	......	10.11	12.50

Financial

1978 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
107¼	102	**FFI 13pc '81	102½	......	12.69	11.84
110	102	Do. 14pc '79	104	......	13.82	13.00
114½	102½	Do. 14pc '83	104½xd	......	13.40	12.82
65	29½	ICFC 5½pc Deb. '80-82	33	......	6.76	11.00
85½	75½	Do. 8¼pc Db. '81-84	77	......	9.21	11.60
97	87½	Do. 10¾pc Uns. Ln. '86	92	......	12.05	13.00
91½	90½	Do. 11pc Uns. Ln. '88	91½	......	12.71	13.40
101½	90½	Do. 11½pc Uns. Ln. '90	92¾	−¼	13.34	13.80
71½	62½	Do. 7¼pc A Deb. '89-92	64xd	......	11.33	12.75
71½	62	Do. 7½pc A Db. '91-94	64	......	12.71	12.90
81½	73¼	Do. 9pc 'A' '91-94	75	......	12.42	13.10
80¼	70½	Do. 8pc Ln. '92-97	73	......	12.78	13.30

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
20½	17	Antofagasta Rly.	20½	......	—	—
34½	23	Do. 5pc Pref.	34½xd	......	—	—
93	78	Chilean Mixed	93	......	3	13.10
415	350	German Yng. 4½pc	405xd	......	4½	—
54	46	Greek 7pc Ass.	54	......	3½	16.48
51	46	Do. 6pc '28 Stab. Ass.	51	......	6	16.09
44	40	Do. 4pc Mixed Ass.	43	......	4	14.76
55	42	Hung. '24 Ass.	55	......	4½	5.00
77	65	Ireland 6½pc '82-88	65xd	......	—	12.60

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MINES

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O.F.S.

[illegible]

FINANCE

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[illegible]

MINES—Continued

CENTRAL AFRICAN

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
210	155	Falcon Rh.50c	185	+2	Q50c	1.3	25.1
24	15	Rhod'n Corp. 16½p.	17½	+½	0.56	7.1	4.8
80	52	Roan Cons. K4	73	+3	—	—	—
175	122	Tanganyika 50p	147xd	−8	Q10.0	1.2	6.8
90	78	Do. Pref. 80p	90xd	......	Q9%	16.3	8.0
41	32	Wankie Col. Rh.1	36	......	†Q7½c	2.4	17.8
16½	10	Zam.Cpr SBD0.24	13½	......	—	—	—

AUSTRALIAN

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
15	10	Acmex 25c	13	......	—	—	—
132	64	Bougainville 50 Toea	115	+1	Q8c	1.4	4.4
125	63	BH South 50c	107	−1	—	—	—
820	150	Central Pacific	550	+30	—	—	—
245	148	Conzinc Riotinto 50c	232	−2	Q10c	2.2	2.7
72	48	G.M. Kalgoorlie $1	55	..	—	—	—
138	81	Hamptn Areas 5p	124	−3	1.45	4.2	1.8
40	10	Metals Ex. 50c	25	......	—	—	—
220	125	M.I.M. Hldgs 50c	201	−2	Q9c	1.7	2.8
39	10	Mount Lyell 25c	32	......	—	—	—
6½	1½	Newmetal 10c	4¼	......	—	—	—
143	79	North B. Hill 50c	122	+1	Q8c	1.5	4.0
16	8½	Nth. Kalgurli	13½	......	—	—	—
178	117	Oakbridge $A1	169	−1	†Q11c	1.9	4.1
48	30	Pacific Copper	36	−1½	—	—	—
£14¾	750	Pancont'l 25c	£13½	−½	—	—	—
40	12	Paringa M&Ex 5p	37½	[illegible]	—	—	—
[illegible]							

TINS

[illegible]

COPPER

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
100	70	Messina R0.50	91	+1	†Q30c	1.9	‡

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
17	9	Burma Mines 17½p.	15	......	—	—	—
300	220	Cons. Murch. 10c	255	+15	‡Q30c	2.6	‡
465	245	Northgate C$1	425	−10	—	—	—
234	164	R.T.Z.	222	−2	9.5	2.8	6.5
90	30	Sabina Inds. C$1	63	−11	—	—	—
£12	750	Tara Exptn. $1	£11½	......	—	—	—
45	43	Tehidy Minerals 10p	43	......	1.33	♦	4.7
180	120	Yukon Cons. C$1	180	......	Q7c	2.9	1.8

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- A Sterling denominated securities which include investment dollar premium.
- • "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- †† Unlisted security.
- ¤ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ♦ Same interim, reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♦ Regional price.
- ǁ No par value

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution

"Recent Issues" and "Rights" Page 32

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −
Albany Inv. 20p	23	......
Ash Spinning	45	......
Bertam	22	......
Bdg'wtr. Est. 50p	270	......
Clover Croft	26	......
Craig & Rose £1	445xd	......
Dyson (R. A.) A	37	......
Ellis & McHdy	61	......
Evered	18	......
Fife Forge	50	......
Finlay Pkg. 5p	23	......
Graig Ship. £1	154	......
Higsons Brew	78	−2
I.O.M. Stm. £1	250	......
Holt (Jos.) 25p	263	−2
N'thn. Goldsmith	55	+2
Pearce (C. H.)	165	......
Peel Mills	20	......
Sheffield Brick	45	......
Sheff. Refrshmt.	52	......
Sindall (Wm.)	90	......

IRISH

Stock	Price	+ or −
Conv. 9% '80/82	£90⅝	......
Alliance Gas	73	......
Arnott	344xd	......
Carroll (P.J.)	92xd	......
Clondalkin	97	−1
Concrete Prods.	130	......
Heiton (Hldgs.)	45	+1
Ins. Corp.	148	......
Irish Ropes	130	......
Jacob	65	......
Sunbeam	30	......
T.M.G.	270	......
Unidare	90	......

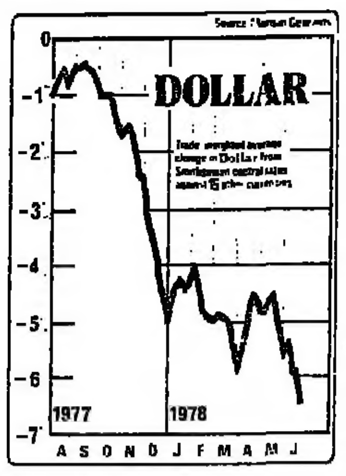
OPTIONS

3-month Call Rates

Industrials					
A. Brew	6½	"Imps"	6	Tube Invest.	30
A.P. Cement	18	I.C.I.	20	Unilever	35
B.S.R.	9	Inveresk	8	Utd. Drapery	7½
Babcock	11	K.C.A.	3	Vickers	15
Barclays Bank	25	Ladbroke	17	Woolworths	5
Beecham	35	Legal & Gen.	14	**Property**	
Boots Drug	15	Lex Service	7	Brit. Land	3¾
Bowaters	16	Lloyds Bank	22	Cap. Counties	4½
B.A.T.	24	"Lots"	4	E.P.	5
British Oxygen	6	London Brick	5	Intereuropean	4
Brown (J.)	20	Lonrho	5	Land Secs.	16
Burton 'A'	12	Lucas Inds.	25	MEPC	12
Cadburys	5	Lyons (J.)	10	Peachey	8
Courtaulds	10	"Mams"	7	Samuel Props.	9
Debenhams	8	Mrks. & Spncr	10	Town & City	1¼
Distillers	15	Midland Bank	25	**Oils**	
Dunlop	7	N.E.I.	12	Brit. Petroleum	45
Eagle Star	11	Nat West Bank	22	Burmah Oil	5
E.M.I.	14	Do. Warrants	10	Charterhall	3
Gen. Accident	17	P & O Dfd.	8	Shell	28
Gen. Electric	18	Plessey	8	Ultramar	20
Glaxo	40	R.H.M.	5	**Mines**	
Grand Met.	9	Rank Org. 'A'	18	Charter Cons.	12
G.U.S. 'A'	20	Reed Intnl.	12	Cons. Gold	14
Guardian	18	Spillers	3	Rio T. Zinc	16
G.K.N.	22	Tesco	4		
Hawker Sidd.	20	Thorn	22		
House of Fraser	12	Trust Houses	15		
		I.C.I.	20		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Thursday June 22 1978



New high for yen against $

BY MICHAEL BLANDEN

THE JAPANESE yen broke through the Y210 to the dollar level yesterday for the first time since the Second World War.

Pressure on the U.S. currency was eased later, however, after a statement by Mr. Teiichiro Morinaga, Governor of the Bank of Japan, hinting at the possibility of renewed substantial intervention to hold back the rise in the yen.

In London foreign exchange market dealings, the dollar dropped at one stage to a new low of Y208.70. That followed a further decline in Tokyo dealings, with the dollar losing more than Y2 to close at Y209.55 in spite of limited official support.

The governor's statement, after the Tokyo market closed, brought a sharp recovery in the dollar, which picked up to Y212.30. Later it slipped, to close at Y210.65, still lower than the previous day's London close of Y211.125.

The weakness of the dollar extended to other leading currencies, with its average depreciation widening from 6.4 per cent to 6.5 per cent.

The pound gained ground on buying from New York, moving above $1.85 at one stage and ending the day with a rise of 93 points at $1.8495. Its weighted index improved to 61.5 against 61.3.

● Our Tokyo Correspondent writes: The Bank of Japan bought dollars on what was described as a very limited scale, after virtually no intervention since March. Its reaction was considered calm compared to its response to earlier sharp increases in the yen's value.

Mr. Morinaga urged traders to adopt a cooler attitude. Although he noted that the bank had been criticised for its massive interventions in March, he said it would act in future "as the situation requires."

In what appeared to be a veiled hint of future action by the bank to control the yen rate, Mr. Morinaga said there were many ways of coping with excessive fluctuations in the exchange rate. The Bank of Japan was not prepared to disclose what action it might take but "excessive fluctuations" in the rate were definitely not desirable.

The governor's statement follows a week of extremely sharp appreciation in the yen rate coupled with very heavy daily turnovers on the Tokyo market. At least 40 per cent. of business on the spot market during the past two days is understood to have been transacted through foreign bank branches in Tokyo, with a handful of big banks playing a dominant role in the market.

Dealings were $793m, slightly higher than yesterday.

Fed chairman urges foreign bank curb

BY STEWART FLEMING WASHINGTON, June 21.

MR. G. WILLIAM MILLER, Federal Reserve chairman to-day urged Congress not to continue to allow foreign commercial banks to operate deposit-taking branches in several states, as permitted by the International Banking Act.

In hearings before the Senate Sub-Committee on Financial Institutions, Mr. Miller said that the rapid growth of foreign banking assets in the U.S. was one of several factors demanding that foreign banks should not have privileges to open branches forbidden to U.S. banks.

The International Banking Act (1978) has been passed by the House of Representatives and is now being examined by the Senate's sub-committee. U.S. agencies are proposing several amendments.

In general, domestic U.S. banks are restricted in their freedom to open deposit-taking branches in more than one state. Foreign banks have greater freedom in this respect.

However, pressure is growing to enact legislation to tighten controls on foreign banks, especially in the wake of a recent wave of planned U.S. acquisitions by overseas banks.

Both National Westminster Bank and Standard Chartered Bank have proposals to acquire U.S. banks.

Mr. Miller and other witnesses today urged Congress, which has been considering foreign-bank legislation for several years, to act immediately.

On the issue of restricting foreign bank branching privileges, Mr. Miller did offer one compromise. He said that the Federal Reserve Board would favour continuing to allow foreign-bank agencies—bank offices that do not take deposits—to operate so long as their business was confined to international business.

The Fed would not, however, oppose legislation allowing relatively unrestricted agency operation by foreign banks in several States.

Mr. Miller also strongly urged the Committee to amend the proposed Act to provide for firm Federal regulatory examination of foreign banking.

Mr. Miller claimed that the Act as now proposed does not give the Fed authority commensurate with its responsibilities because the emphasis is on State supervision of foreign-bank operations.

"The need for a direct Federal presence in the examination of foreign-bank operations is patent," he said, because of the world-wide nature of the operations and the need to liaise with overseas regulatory authorities.

As well as giving the Fed authority to impose reserve requirements on the deposits of branches, agencies, and commercial lending companies of foreign banks, the Fed should be able to impose reserve requirements on foreign bank subsidiaries in the U.S.

EEC Ministers agree to extend Norway fishery deal

BY MARGARET VAN HATTEM LUXEMBOURG, June 21.

EEC FISHERIES Ministers averted a crisis today in relations with third countries by extending for another month the informal reciprocal fishing arrangements with Norway, Sweden and the Faroes.

They conceded British demands that the EEC share of fish in Norwegian waters north of the 62nd parallel should be allocated to the interested member states—Britain, France and West Germany—on a quota basis.

Previously the fish were shared out under a licensing system which, the British said, led to overfishing by the other two while UK fishermen were supplanted.

Britain had refused to agree to any extension of the present arrangements, due to expire at midnight tomorrow, unless this demand was met.

Mr. Finn Gundelach, EEC fisheries commissioner, is thought to have been deeply concerned about the possible consequences of allowing the arrangements to expire.

The exclusion of Community and Norwegian vessels from each other's waters could disrupt seriously the fishing industry and provoke bad feeling which might be reflected in subsequent negotiations.

Moreover, it was suggested that any resulting scramble for the fish, which would otherwise have gone to these third countries could have weakened the accord reached in January by the eight other states—excluding the UK—to observe the Commission's quota proposals for 1978.

Quotas for the next month will cover one-twelfth of the total allotted to the EEC in Norwegian waters for this year and will be shared out on the basis of the September 1977 catch, which would give Britain about 70 per cent of haddock and cod, the species in which it is most interested.

This extension expires on July 31, but the Commission has agreed to present proposals on third country arrangements to the next Fisheries Ministers' council on July 24.

As widely expected, the council rejected proposals for a ban on herring fishing off the west coast of Scotland, where scientific evidence from the International Council for the Exploration of the Sea indicates stocks are endangered.

Mr. John Silkin, UK Agriculture Minister, indicated after the meeting that he was considering introducing a national ban and it is generally felt that this would not be legally challenged.

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Labour building industry plan 'could cost £2¾bn'

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

LABOUR PARTY proposals to restructure and part-nationalise the construction industries could cost as much as £2¾bn to implement according to a report published by the Economist Intelligence Unit yesterday.

The report, commissioned by the Campaign Against Building Industry Nationalisation (CABIN), also suggests that the plans would involve running costs of anything up to £500m a year.

Construction costs would consequently rise unless a dramatic increase occurred in productivity.

Announcing the unit's findings, Sir Maurice Laing, chairman of John Laing and of CABIN, emphasised that the report represented a completely impartial and expert assessment of the Labour Party's plans.

He described it as "a devastating indictment" of the whole conception of nationalisation of the construction sector, and called on the Labour Party to re-think its policy.

The Party's proposals were approved by last year's annual conference and include a new State corporation, based initially on the acquisition of "one or more major contractors," nationalisation of the building material producers and the extension of local authority direct labour departments.

According to the unit's report, the plans would reduce the industry's flexibility, increase costs, and could prove economically dangerous.

It claims that while the construction industry does have many problems, Labour's proposed solutions had not been fully worked out and would increase rather than cut the range of difficulties it already faced.

The report says the industry is not being "altogether perverse" in fearing that the plans represent "a recipe for creeping nationalisation."

It calculates that to nationalise the 10 largest contractors would cost £724m, whereas a State takeover of just Wimpey and Costain would cost over £300m.

Further costs would also be involved in raising the funds to pay for the acquisition programme. Nationalisation of a large part of the materials industry could cost up to £1.99bn.

Public Ownership in the Construction Industries. Economist Intelligence Unit, 27, St. James' Place, London, SW1.

News Analysis Page 6

Art sale total now estimated at £12m

BY ANTONY THORNCROFT

AFTER only two days, the estimate for the outcome of the Robert von Hirsch sale at Sotheby's, London, has been increased by a third. The week-long sale is now expected to raise more than £12m, compared with an initial estimate of £8m.

So far the collection has netted £4,358,400. It was put together by Robert von Hirsch, a leather manufacturer who escaped from Nazi Germany to settle in Switzerland in the early 1930s and who died in November, aged 94.

Already several new landmarks in prices have been established, including £640,000 for a landscape watercolour by Durer. This was almost £500,000 more than expected and was paid by a Swiss dealer at an exciting opening session on Tuesday night.

The prizes in the 700-lot collection celebrated for its intimate and attractive items, include Old Masters, Impressionists, bronzes, drawings and medieval and Renaissance works of art.

Prices yesterday were also comfortably above target, although not to the same extent as in the opening session.

The top price, and in line with estimates, was the £500,000, plus the 10 per cent buyer's premium, paid by the Norton Simon Foundation of Los Angeles for the Branchini Madonna by the 15th century Italian Giovanni di Paolo. It was easily an auction record for the artist, beating a previous best of £80,000 set at Sotheby's in 1973.


The Branchini Madonna sold for £500,000.

Another auction record was the £245,000 paid by Essoldo Fine Art, dealers in Paris and London, for *The Virgin as Queen of Heaven*, painted in 1514 by a pupil of Durer, Hans Baldung. Work by this artist also rarely appears at auction and the previous record was the £224,000 paid in 1969.

An active buyer was Ovsigusky, a London dealer, bidding on behalf of an anonymous continental collector. He bought for £120,000 a picture of the *Annunciation of St. Anne and St. Joachim* by the German 15th century artist, Bernhard Strigel.

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Shore

when they lent to people on lower incomes or to those buying cheaper and older houses.

It was intended to provide more rented accommodation by changes in the landlord/tenant legislation which would encourage the letting of flats above shops and of unused parts of owner-occupied houses.

Legislation would confer new legal rights on local authority tenants involving security of tenure and an entitlement to allow them to carry out improvements. They could apply for the same grants as owner occupiers.

Recasting of the local authority housing subsidy system would concentrate resources on areas of high cost and greatest need and, at the same time, increases in rent would be limited on average to increases in earnings.

Shelton: Varley may intervene

BY PAULINE CLARK, LABOUR STAFF

MR. ERIC VARLEY, Secretary for Industry, gave unions hope yesterday of a last-minute reprieve for the Shelton iron and steel making works in Stoke-on-Trent where workers have campaigned for eight years to save the plant.

He told leaders of the TUC steel industry committee yesterday that he would decide within 24 hours whether to intervene in the British Steel Corporation's plans effectively to cease production at the plant from tomorrow when the workers' annual fortnight holiday begins.

The 1,800 workers were told last March that production would not be restarted after the holiday and that they would remain for ten weeks on 90 per cent of full pay before going on to a guaranteed week at 80 per cent of the basic rate.

Mr. Varley's promise to consider intervention emerged when steel union leaders led by Mr. Bill Sirs, general secretary of the Iron and Steel Trades Confederation, met the Minister to protest at what they claimed was the corporation's failure to follow agreed procedure on the closure plan.

It is not certain Mr. Varley will decide he has the power to intervene. The unions are hoping that he will insist that further negotiations must take place before production is halted.

Mr. Sirs said yesterday that the union leaders were angry that the consultation procedure had not been completed. He had urged Mr. Varley to "remove" the closure plan to allow proper negotiations to take place.

"There will be no talks on redundancies until that happens," he said. He gave a warning that if the corporation did not "fall in line with its commitment to consult the workforce first," it could affect the unions' approach to any further plans for cuts in the industry.

The corporation claimed yesterday, however, that consultations on the Shelton closure had been going on since March. It was "satisfied that correct procedure for consultation has been carried out."

Argyle cash injection for Oriental

By Christine Moir

THE CASH shell of Argyle Securities, once a UK publicly-quoted property company, is to be injected by Sir James Goldsmith into General Oriental, the Hong Kong-quoted company of which he owns 74 per cent.

Oriental's Hong Kong shareholders will be told to-day that conditional agreement has already been reached, whereby Oriental will issue shares and loan stock for Argyle—recently acquired by another of Sir James's private investment companies, Evon S.A.

Oriental's shares have been suspended since early May pending proposals related to an acquisition, amid speculation that Sir James intended to inject into it substantial assets.

At present, it is a relatively small investment company, with net assets of under £1m.

Last year its net profits were less than £300,000, although this represented a £550,000 turn round from 1976 losses.

By acquiring Argyle, Oriental would be gaining not a property base, but cash.

Last March, Argyle's property holding subsidiary was sold for £10.7m to the Cavenham Group, with Argyle retaining a further £8.2m as a final dividend from its subsidiary.

Evon later bought the rump of Argyle from the two General Occidental subsidiaries, Belvedere SA and Anglo-Continental, which jointly held the equity.

Evon paid £7.9m to Anglo for its 47 per cent stake, but the price for Belvedere's controlling interest was not disclosed.

Chicago plan for CD forward market

BY MARY CAMPBELL

THE CHICAGO Board of Trade plans to launch a forward market in Eurodollar certificates of deposit (CDs).

Eurodollar CDs are negotiable instruments issued by banks in London.

This would be the first forward market in CDs and, a rare example of a forward market in the U.S. involving delivery outside the country.

The contract would call for delivery in London of CDs with about 90 days maturity in units of $1m.

The delivery dates would initially not extend further into the future than about 1½ years. There would probably be four specified delivery dates a year.

Much work still has to be done on the project. The launch is not likely to take place for at least six months.

As with Chicago's futures market in U.S. domestic commercial paper, the board would establish a list of "deliverable names"—probably five to 10 top U.S. banks initially.

The aim would be to provide an opportunity for investors in CDs and dealers to hedge against changes in interest rates in the period until their CDs mature.

There are some $22bn worth of CDS outstanding in the London market.

CD dealers in London were surprised by yesterday's announcement. It is understood that the Bank of England has not been consulted, but that its approval would probably not be necessary.

The Chicago Board of Trade opted for a market in Eurodollar CDs rather than U.S. domestic CDs (a much larger market. It considers that the opportunity to hedge against changes in short-term domestic U.S. dollar rates is covered by the forward market already in existence for commercial paper.

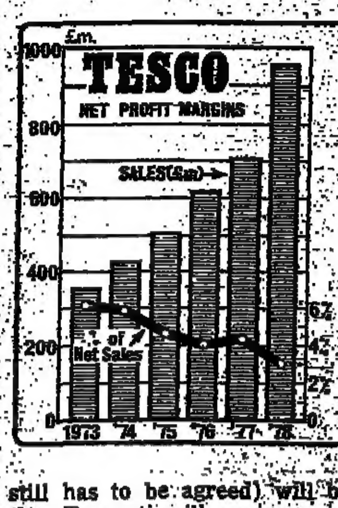
The latter market has not been very successful, but the Exchange hopes to launch a contract for 30-day commercial paper soon. It feels that a major reason for the relative lack of interest in the commercial paper futures market has been because the 90-day contract does not offer the market the maturity which is most needed.

THE LEX COLUMN

Ferranti listing: the details

With growing doubts about the prospects for dividend freedom in 1978 and for profits growth in 1979, the FT 30-Share Index has now fallen by 19 points in the past six trading days. Business remains slack, however, and so far the market has done nothing more than move down towards the bottom end of a range in which it has moved sideways for the past four months.

Index fell 7.8 to 455.6



Ferranti

Next Wednesday Ferranti announces its profits for the year to end March and by all accounts they should be good. Following a 49 per cent gain the previous year, Ferranti's profits in 1977-78 could show a near 40 per cent rise to around £8.5m. The following Monday the annual report and accounts will reveal that Ferranti will be applying for a listing of its shares on the Stock Exchange. The jewel in the NEB's crown is finally going to make its public debut.

However, instead of going for a fully-fledged offer for sale or placing as once expected, Ferranti is contenting itself with an introduction, and will be issuing no new shares. The fact that it would probably have had to issue equity at well below its net asset value of roughly £4.50 obviously bulked large in the management's mind. In addition the NEB seems intent on keeping its stake at 50 per cent, which reduces the attractiveness of the shares to some investors.

Anyway, Ferranti is not particularly hard up at the moment. After last year's refinancing it has debts of roughly £20m and shareholders' funds of around £50m (including deferred tax). With profits heading towards £11m in the current year it can afford to bide its time.

Once the listing is out of the way, the NEB, as agreed at the time of the 1975 rescue operation, will offer shares 1.3m (half of its holding of restricted voting shares) to other shareholders in Ferranti. The formula is rather complex but it will be rather like a one for three rights issue and based on last night's unofficial price of 360p, would mean that existing shareholders will be offered shares at 180p. No wonder there has been such a queue of would-be investors trying to get their hands on Ferranti stock. The shares have more than doubled over the last few months.

The end result of this complicated exercise (compensation for the £10m transformer losses still has to be agreed) will be that Ferranti will emerge as a publicly quoted company in which the NEB has a half share. Although the company is now bound by dividend controls it will have something to say about long-term dividend policy in its forthcoming prospectus due in mid-July. If all goes well Ferranti could be heading for earnings per share of close to 50p in the current year. Assuming the company adopted a dividend cover of perhaps 3½ times it could afford to pay around 14p net. At 360p this would put the shares on a yield of 5.8 per cent and a multiple of just over 7. The market seems to have got the price about right.

Tesco

Yesterday's full-year figures from Tesco confirm that the group has been successful in its stated objective of pushing up its market share in the over-supplied food retail market. In the three months before the launch of the price war Tesco's sales volume probably declined, whereas in the 38 weeks since Operation Checkout began the turnover increase has been no less than 34 per cent. This suggests average volume growth for this period was an unprecedented 25 to 30 per cent.

So far so good. But the move has not been without its problems. To start with, Tesco's pre-tax profits have dropped £1.6m to £28¼m which means that net margins have been chopped from 4.3 to just 3 per cent. Tesco is going to great pains to emphasise that profits for 1977-78 have been struck after deducting non-recurring costs of £3m associated with the launch of its price-cutting campaign. But it is worth recording that these were estimated at £2m at the interim stage.

The next stage of the strategy is to change Tesco's sales mix away from the dominant packaged foods area, and into higher margin fresh food, and non-food sales. The challenge will be for the group to hold on to its share of the food retailing market, while at the same time avoiding any further price cutting. Unfortunately this market remains unstable and is still vulnerable to counter-attacking moves by other chains which have lost out.

Against this uncertain background, market estimates for current year pre-tax profits range as high as £37m. But the shares look fully valued on an historic fully taxed earnings multiple of 10.

Lloyd's of London

The Lloyd's insurance market has come a long way since 1970 when the Cromer report described a 6 per cent or 7 per cent increase in annual membership as a "formidable target." Membership rose by 25 per cent in 1977 followed by a further 33 per cent in 1978, and growth on a similar scale is likely in 1979. But too much underwriting capacity is just as embarrassing as too little — which explains the warning shot fired by the chairman at yesterday's annual meeting. Unless agents and underwriters are prepared to hold the growth of their capacity in line with that of their business, the Committee—however unwillingly — will impose formal limitations.

Reasons for the explosive growth in membership include a sequence of good underwriting profits, the wretched performance of other financial assets, the scope for the high marginal tax payer to defer the more penal rates, and of course the measures which Lloyd's itself has taken to widen its appeal.

There are precedents for restraints on new membership (it happened in the early 1960s) and they are not popular, since they put new syndicates at a disadvantage to their well established rivals. However there is no likelihood of any formal action in the next year or so, and to judge by the way that competition and rate cutting is spreading even to the non-marine classes, there must be a fair chance that market forces will relieve the Committee of an unwelcome task.

Weather

U.K. TODAY

COOL, showers in some areas.

London, SE, Cent. S. England
Mostly dry, cloudy. Max. 19C (66F).

E. Anglia, Midlands
Cloudy, rain. Max. 17C (63F).

E. Cent. N., NE England
Dry, rain at times. Max. 15C (59F).

Channel Islands, Wales, SW, NW England, Lakes, Isle of Man
Cloudy, rain at times. Max. 15C (59F).

Borders, Cent. Highlands, NE, NW Scotland
Dry at first, rain later. Max. 13C (55F).

SW Scotland, N Ireland
Cloudy, rain. Max. 14C (57F).

Orkney, Shetland
Cloudy, rain at times. Max. 11C (52F).

Outlook: Little change.

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Amstrdm.	F	19	66	Luxembrg.	C	19	66
Athens	S	27	81	Madrid	F	23	73
Bahrain	S	38	100	Manchstr.	R	13	55
Barcelona	S	22	72	Melbourne	C	14	57
Beirut	S	31	88	Milan	S	21	70
Belfast	C	12	54	Montreal	C	17	63
Belgrade	C	19	66	Moscow	C	16	61
Berlin	S	22	72	Munich	S	20	68
Birmghm.	C	15	59	Newcastle	R	13	55
Bristol	R	14	57	New York	C	25	77
Brussels	F	20	68	Oslo	C	19	66
Budapest	C	21	70	Paris	F	19	66
B. Aires	S	12	53	Perth	S	17	63
Cairo	S	38	100	Prague	C	22	72
Cardiff	C	14	57	Reykjavik	F	7	45
Chicago	S	20	68	Rio de J'o	C	26	78
Cologne	C	20	68	Rome	S	25	77
Copnhagn.	S	19	66	Singapore	S	30	87
Dublin	R	15	59	Stockholm	F	22	72
Edinburgh	R	11	52	Strasbrg.	F	21	70
Frankfurt	C	22	72	Sydney	S	13	59
Geneva	F	20	68	Tehran	S	29	84
Glasgow	R	12	54	Tel Aviv	S	28	82
Helsinki	S	23	73	Tokyo	C	30	86
H. Kong	S	27	80	Toronto	C	18	65
Jo'burg	S	18	65	Vienna	S	23	73
Lisbon	F	20	68	Warsaw	F	24	75
London	R	16	61	Zurich	F	17	63

HOLIDAY RESORTS

Ajaccio	S	23	73	Las Plms.	S	21	70
Algiers	S	25	77	Locarno	F	21	70
Biarritz	F	18	64	Luxor	S	43	109
Blackpool	R	13	55	Majorca	S	23	73
Bordeaux	F	20	68	Malaga	S	22	72
Boulogne	R	12	53	Malta	S	24	75
Casblnca.	S	20	68	Nairobi	S	19	67
Cape Tn.	C	16	61	Naples	S	24	75
Corfu	S	30	86	Nice	S	21	70
Dubrovnik	F	24	75	Nicosia	S	28	82
Florence	C	21	70	Oporto	C	16	61
Funchal	S	20	68	Rhodes	S	31	88
Gibraltar	S	20	68	Salzburg	S	20	68
Guernsey	R	13	55	Tangier	S	22	72
Innsbruck	R	20	68	Tenerife	C	15	59
Inverness	C	12	54	Tunis	S	27	81
Is. of Man	R	11	52	Valencia	F	26	79
Istanbul	S	24	75	Venice	C	22	72
Jersey	C	15	59				

S—Sunny. R—Rain. F—Fair. C—Cloudy.